A/65/5/Add.9

United Nations

United Nations Office on Drugs and Crime

Financial report and audited financial statements

for the biennium ended 31 December 2009

and

Report of the Board of Auditors

General Assembly
Official Records
Sixty-fifth Session
Supplement No. 5I

Please recycle

General Assembly
Official Records
Sixty-fifth Session
Supplement No. 5I

United Nations Office on Drugs and Crime

Financial report and audited financial statements

for the biennium ended 31 December 2009

and

Report of the Board of Auditors

United Nations • New York, 2010

Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

ISSN 1020-2722

[6 July 2010]

Contents

Chapter		*Page*
	Letters of transmittal	v
I.	Report of the Board of Auditors on the financial statements: audit opinion	1
II.	Long-form report of the Board of Auditors	3
	Summary	3
	A. Mandate, scope and methodology	6
	B. Findings and recommendations	7
	1. Follow-up to previous recommendations	7
	2. Financial overview	9
	3. Progress towards the implementation of International Public Sector Accounting Standards	11
	4. Statement of income and expenditure	12
	5. Statement of assets, liabilities, reserves and fund balances	13
	6. Budget	16
	7. End-of-service liabilities, including after-service health insurance	16
	8. Treasury management	21
	9. Implementing partners and nationally executed projects	23
	10. Non-expendable property management	24
	11. Consultants, experts and temporary assistance	25
	12. Internal audit function and findings	25
	C. Disclosures by management	27
	1. Write-off of cash, receivables and property	27
	2. Ex gratia payments	27
	3. Cases of fraud and presumptive fraud	27
	D. Acknowledgement	28
	Annex Status of implementation of the Board's recommendations for the biennium ended 31 December 2007	29
III.	Certification of the financial statements	31

IV. Financial report for the biennium ended 31 December 2009 32

A. Introduction 32

B. Overview 32

V. Financial statements for the biennium ended 31 December 2009 40

Abbreviations 40

Statement I. Consolidated income, expenditure and changes in reserves and fund balances 41

Statement II. Consolidated assets, liabilities, reserves and fund balances as at 31 December 2009 43

Statement III. Fund of the United Nations International Drug Control Programme: income, expenditure and changes in reserves and fund balances 44

Statement IV. Fund of the United Nations International Drug Control Programme: assets, liabilities, reserves and fund balances as at 31 December 2009 46

Statement V. United Nations Crime Prevention and Criminal Justice Fund: income, expenditure and changes in reserves and fund balances 48

Statement VI. United Nations Crime Prevention and Criminal Justice Fund: assets, liabilities, reserves and fund balances as at 31 December 2009 50

Statement VII. Consolidated cash flows 52

Schedule 1. Consolidated summary and ageing schedules of pledges and contributions as at 31 December 2009 54

Schedule 2. Fund of the United Nations International Drug Control Programme: schedule of contributions and pledges as at 31 December 2009 57

Schedule 3. United Nations Crime Prevention and Criminal Justice Fund: schedule of contributions and pledges as at 31 December 2009 62

Schedule 4. Consolidated budget and expenditure 68

Schedule 5. Consolidated programme support costs by implementing agencies and sources 70

Notes to the financial statements 73

Letters of transmittal

6 April 2010

In accordance with General Assembly resolutions 46/185 C of 20 December 1991 and 61/252 of 22 December 2006, I have the honour to submit the accounts of the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund for the biennium ended 31 December 2009.

Copies of these financial statements are also being transmitted to the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Antonio Maria **Costa**
Executive Director
United Nations Office on Drugs and Crime

The Chair of the Board of Auditors
United Nations
New York

30 June 2010

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations Office on Drugs and Crime for the biennium ended 31 December 2009.

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa and
Chair, United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

We have audited the accompanying financial statements of the United Nations Office on Drugs and Crime which comprise the consolidated statement of assets, liabilities, reserves and fund balances (statement II) as at 31 December 2009; the consolidated statement of income, expenditure and changes in reserves and fund balances (statement I) and the consolidated cash flows statement (statement VII) for the biennium ended 31 December 2009; and the supporting statements, schedules and explanatory notes. Statements III and IV describe the Fund of the United Nations International Drug Control Programme for the biennium ended 31 December 2009. Statements V and VI describe the United Nations Crime Prevention and Criminal Justice Fund for the biennium ended 31 December 2009.

Management's responsibility for the financial statements

The Executive Director of UNODC is responsible for the preparation and fair presentation of these financial statements in accordance with the United Nations system accounting standards and for such internal control as management deems is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of UNODC as at 31 December 2009 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of UNODC that have come to our notice, or which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations, the Financial Rules of UNODC, and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations and the related annex, we have also issued a long-form report on our audit of UNODC.

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa
Chair, United Nations Board of Auditors

(*Signed*) Didier **Migaud**
First President of the Court of Accounts of France
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor-General of China

30 June 2010

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors has audited the consolidated financial statements and reviewed the operations of the United Nations Office on Drugs and Crime (UNODC) for the biennium ended 31 December 2009. The audit was carried out through two field visits to Brasilia (Regional Office for Brazil and the Southern Cone) and Cairo (Regional Office for the Middle East and North Africa) and through a review of the financial transactions and operations at UNODC headquarters in Vienna.

Audit opinion

The Board issued an unmodified audit opinion on the financial statements for the period under review, as reflected in Chapter I of the present report.

Follow-up to previous recommendations

Of the 19 recommendations made for the biennium 2006-2007, 11 (58 per cent) were fully implemented; 5 (26 per cent) were under implementation; and 3 (16 per cent) were not implemented.

The Board evaluated the ageing of its previous recommendations that had not yet been fully implemented and noted that the eight recommendations shown as under implementation/not implemented were made in 2006-2007. This matter is discussed in the relevant section of this report.

Financial overview

For the period under review, total income was $506.92 million, compared with $364.33 million for the previous biennium, an increase of 39 per cent. Total expenditure amounted to $455.14 million, compared with $264.16 million for the previous biennium, an increase of 72 per cent. This resulted in an excess of income over expenditure of $51.78 million, compared with an excess of $100.17 million in the preceding biennium.

Total general-purpose income reflected a reduction of 22 per cent from $32.8 million in the biennium 2006-2007 to $25.6 million in the biennium 2008-2009. This arose mainly from a decline in voluntary contributions to the general-purpose funds, which was exacerbated by the global financial crisis.

Progress towards the implementation of International Public Sector Accounting Standards

The proposed implementation by UNODC of the International Public Sector Accounting Standards (IPSAS) is linked to that of the United Nations Secretariat and therefore follows the timetable set by the United Nations. The latest information obtained indicated that the United Nations Secretariat has postponed the implementation of IPSAS for 2014 owing to the new enterprise resource planning systems not being in place. UNODC should, however, ensure that its own enterprise resource planning systems are upgraded and coincide with the United Nations timetable for implementation of the latter's new enterprise resource planning system.

Statement of income and expenditure

The UNODC statement of income and expenditure reported a total amount of resources that did not include those from the United Nations regular budget. The Board considered that UNODC should better reflect this situation in the financial statements.

Budget

UNODC's financial rules were not applied concerning prior approval of the revision of the 2008-2009 budget for the general-purpose funds (increased by $3.3 million).

End-of-service liabilities including after-service health insurance

The end-of-service liabilities for the biennium 2008-2009 totalled $24.7 million. The funding of the organization's future commitments to its staff had still not been decided upon.

Treasury management

The bank account of a UNODC country office reflected a balance of more than $27 million as at 31 December 2009, amounting to 92 per cent of UNODC's cash and term deposits. Official documents produced to justify the setting up and conditions of use of this bank account were not adequate to establish that UNODC was complying with the United Nations rules on the use and management of this account, particularly in relation to safeguarding itself against the financial risk associated with the economic conditions and the legislative constraints imposed by the host country.

Implementing partners and nationally executed projects

For the period under review, amounts totalling $139 million were paid to UNDP to implement nationally executed projects on behalf of UNODC. However, a reconciliation of the records of UNDP indicated a discrepancy of $2.5 million. The Board has recommended that UNODC address this issue urgently.

Non-expendable property management

Despite the Board's previous recommendation for UNODC to strengthen its internal controls over non-expendable property, there has been no noticeable improvement for the period under review.

Internal audit

The Office of Internal Oversight Services conducted several audits of the organization during the biennium 2008-2009. The main recommendations concerned procurement management, project monitoring and information systems. These are discussed in the relevant section of this report.

Disclosures by management

Management has made certain disclosures in chapter II, section C of the present report as regards write-off of losses of cash, receivable and property; ex gratia payments; and cases of fraud and presumptive fraud.

Recommendations

The Board has made several recommendations based on its audit. The main recommendations are that the United Nations Office on Drugs and Crime:

(a) **Draw up an analysis of its needs and the risks posed by the migration and necessary update of its information technology systems, People Soft, Programme and Financial Information System (ProFi) and Field Office Management Ledger (FOML), during implementation of the new United Nations enterprise resource planning system (para. 32);**

(b) **Revise the titlé of its financial statements and the notes thereto to reflect that their scope is limited to the voluntary-funded activities; and consider preparing financial statements that include the activities funded by the regular budget of the United Nations (para. 39);**

(c) **Comply with its financial rules regarding prior approval when adopting budgets for the general-purpose funds (para. 58);**

(d) **Develop a funding plan for end-of-service and post-retirement liabilities, notably for after-service health insurance coverage (para. 66);**

(e) **Analyse the conditions of use of the bank account in the country office in question and request the Treasurer at United Nations Headquarters for an official opinion about continuing use of this account in its current form (para. 103);**

(f) **Resolve the discrepancies between advances for its own balances and those of the records of the United Nations Development Programme (para. 111);**

(g) **Draw up and implement formalized and traceable internal control procedures to guarantee the reliability of information given on the total value of property in service at the end of the period (para. 116).**

Other recommendations of the Board appear in paragraphs 48, 53, 74, 78, 83, 117, 123 and 135 of the present report.

A. Mandate, scope and methodology

1. The Board of Auditors has audited the financial statements of UNODC and has reviewed its operations for the biennium from 1 January 2008 to 31 December 2009, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto (see ST/SGB/2003/7) and the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNODC as at 31 December 2009 and the results of its operations and cash flows for the biennium, in accordance with United Nations system accounting standards. This included an assessment as to whether the expenditures recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditures had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations and the Financial Rules of UNODC. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent considered necessary by the Board to form an opinion on the financial statements.

3. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of UNODC operations under financial regulation 7.5. This requires the Board to make observations on the efficiency of the financial procedures, the accounting system and the internal financial controls of UNODC, and generally on the administration and management of its operations. The General Assembly has also requested the Board to follow up and report on the implementation of its previous recommendations. These matters are addressed in the relevant sections of the present report.

4. The Board continues to report the results of audits to UNODC in the form of management letters containing detailed observations and recommendations, which allows for an ongoing dialogue with the UNODC administration. Three management letters were issued concerning the biennium under review.

5. The Board coordinates with the Office of Internal Oversight Services (OIOS) in the planning of its audits to avoid duplication of efforts and to determine the extent of reliance that could be placed on the latter's work.

6. Where observations in the present report refer to specific locations, such observations are limited to the location specified. There is no implication that they either apply or do not apply to other locations.

7. The present report covers matters that, in the view of the Board, should be brought to the attention of the General Assembly, including specific requests from the General Assembly and the Advisory Committee on Administrative and Budgetary Questions. In particular, the Committee, in its report on the financial reports and audited financial statements and reports of the Board of Auditors for the period ended December 2007 (A/63/474), requested the Board to:

(a) Strengthen its validation process with a view to improving its ability to evaluate results and efforts of the United Nations Organizations to implement the Board's recommendations;

(b) Continue to closely monitor the application of International Public Sector Accounting Standards and the preparatory process for the enterprise resource planning and for IPSAS;

(c) Follow up on the incomplete risk-based methodological framework of the Internal Audit Division of OIOS and the low completion rate on planned assignments;

(d) Continue to follow up on the monitoring of the audit process and on the regular reviews of the nationally executed projects made by the United Nations entities;

(e) Provide guidance to implement internal control procedures for non-expendable property.

8. The Board's observations and conclusions were discussed with the UNODC administration, whose views have been appropriately reflected in the present report.

9. The recommendations contained in this report do not address steps that UNODC may wish to consider in respect of officials for instances of non-compliance with its Financial Regulations, administrative instructions and other related directives.

B. Findings and recommendations

1. Follow-up to previous recommendations

10. Of the 19 recommendations made for the biennium 2006-2007, 11 (58 per cent) were fully implemented; 5 (26 per cent) were under implementation and 3 (16 per cent) were not implemented. Details of the status of implementation of these recommendations are shown in the annex to the present report.

Recommendations not implemented

11. In paragraph 49 of the report of the Board (A/63/5/Add.9) for the biennium ended 31 December 2007, the Board recommended that UNODC, in conjunction with the United Nation Office at Vienna, determine the allocation of common staff costs between them and disclose the assumptions made for that allocation. UNODC explained that the United Nations Office at Vienna and UNODC were operationally integrated offices and that consequently this recommendation was not applicable. However, the Board is of the view that this issue will be addressed by UNODC when preparing the implementation of its new enterprise resources planning system (Umoja), and, therefore, does not reiterate its previous recommendation.

12. In paragraphs 85 and 88 of the Board's previous report (A/63/5/Add.9), UNODC agreed with the Board's recommendations (a) that the Division for Management upgrade the non-expendable property monitoring software to include a module to depreciate value; and (b) that it draw up and implement formalized and traceable internal control procedures to guarantee the reliability of information

given on the total value of property in service at the end of the period. These matters are discussed in the relevant sections of this report.

Recommendations under implementation

13. In paragraph 71 of the Board's previous report, UNODC agreed with the Board recommendation to implement a strategy for the reorganization of the Regional Centre for East Asia and the Pacific in order to re-establish programme management and ensure that the Centre remains financially sustainable. Programme management improved, as did the viability of activities. The Regional Centre was further strengthening its monitoring and evaluation systems, including internal processes for regular reporting and review. In terms of project monitoring and evaluations, a Programme Support Unit was created with seven posts. All but two posts (the Human Resources Assistant and the Finance Clerk) were in place. These were expected to be filled by the end of August 2010.

14. In paragraph 77 of its previous report, the Board recommended that UNODC set up specific funding for end-of-service and post-retirement liabilities, notably for after-service health insurance coverage. This issue is discussed in chapter II, section B of this report dedicated to end-of-service liabilities including after-service health insurance.

15. In paragraph 83 of the Board's previous report, UNODC agreed with the Board's recommendation to comply with section 3.6 of administrative instruction ST/AI/2003/5 regarding physical inventory of property. Although a physical inventory has been carried out, no report has been written on property disposed of. This issue is also discussed in the section on non-expendable property management.

16. In paragraph 90 of the Board's previous report, UNODC agreed with the Board recommendation that field offices send periodically to the Director of the Division for Operation a report on work carried out by consultants, in order to strengthen control over recruitment and the work of consultants. UNODC explained that this recommendation had been implemented since June 2009. The Division for Operations continued to monitor the consultancy contracts in the field offices and ensured that the hiring of consultants was done in accordance with applicable rules and regulations.

17. In paragraph 94 of the Board's previous report, UNODC agreed with the Board recommendation to continue its efforts to prepare for the implementation of the integrated management system required by the transition to the International Public Sector Accounting Standards and to take measures to reduce the risks related to transactions and consolidation and extraction of data. UNODC confirmed that it was continuously participating in the preparation of the United Nations enterprise resource planning system following progress made by United Nations Headquarters. The new enterprise resource planning was in the final design phase. The implementation and roll-out phases were not expected to take place before the last quarter of 2011.

18. In paragraph 106 of the Board's previous report, UNODC agreed with the Board recommendation to adopt internal instructions on the prevention, detection and reporting of cases of fraud and alleged fraud. UNODC indicated that staff training was being conducted.

19. In response to the request of the Advisory Committee on Administrative and Budgetary Questions (see A/59/736, para. 8), the Board evaluated the ageing of its previous recommendations that had not yet been fully implemented. All outstanding recommendations were first made in the biennium 2006-2007.

2. Financial overview

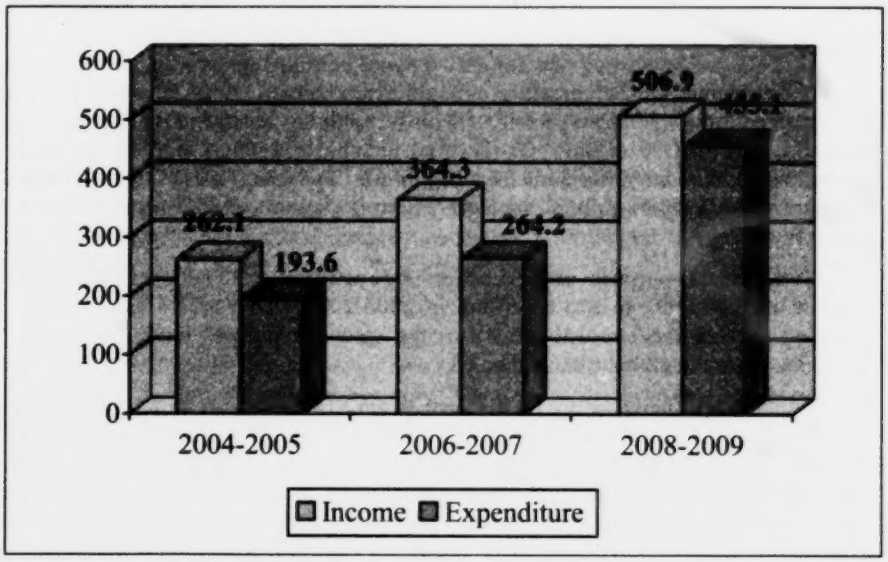
20. Total income for the biennium 2008-2009 amounted to $506.92 million, while total expenditures amounted to $455.14 million, giving an excess of income over expenditure of $51.79 million. Of the total income of $506.92 million, voluntary contributions amounted to $460.38 million (or 90.8 per cent of total income) compared with $310.68 million for the previous biennium (or 85.3 per cent of total income).

21. Total general-purpose[1] income reflected a reduction of 22 per cent (from $32.8 million in 2006-2007 to $25.6 million in 2008-2009). This arose mainly from a decline in voluntary contributions to the general-purpose fund, which was exacerbated by the global financial crisis.

22. Expenditure increased by 69 per cent (from $189.9 million to $321.5 million) and 80 per cent (from $74.2 million to $133.6 million) for the Fund of the United Nations International Drug Control Programme and United Nations Crime Prevention and Criminal Justice Fund, respectively, as shown in table II.2 below. The 2008-2009 allocation of United Nations regular budget resources to the programme of UNODC remained stable in real (inflation adjusted) terms. Comparative income and expenditures for the 2004-2005, 2006-2007 and 2008-2009 bienniums are shown in figure II.1 below.

[1] General-purpose funds are unearmarked resources that finance the executive direction and management of UNODC, as well as programme and programme support costs both at headquarters (Vienna) and in the field.

Figure II.1
Comparative income and expenditure
(Millions of United States dollars)



Source: UNODC financial statements.

23. The increase in expenditure of $190.9 million, or 72 per cent, was attributable mainly to the very large increase in voluntary contributions to the special-purpose funds[2] for the biennium 2008-2009 (up by $126.5 million).

24. During the biennium 2008-2009, the ratio of outstanding voluntary contributions to total assets decreased from 0.34:1 to 0.25:1 as shown in table II.1. The ratio of cash to liabilities increased from 1.03:1 to 1.25:1, due to the large increase in investments in the cash pool of the offices away from Headquarters in the biennium 2008-2009 ($246 million compared with $196 million in the previous biennium). The increase in the ratio of unliquidated obligations, from 0.05:1 to 0.07:1, is due to changes in accounting policies (notes 2 (g) and 3 (b)). Starting 2008, in compliance with United Nations accounting policies, valid commitments against future financial periods are reported both as deferred charges and as unliquidated obligations for future periods. The ratios are shown in table II.1.

[2] Special-purpose funds are earmarked voluntary contributions, which finance UNODC technical cooperation and other substantive activities at headquarters (Vienna) and in the field.

Table II.1
Ratios of key financial indicators

Ratio	Biennium 2005	Biennium 2007	Biennium 2009	Components of 2009 ratio[a]
Voluntary contributions outstanding/total assets[b]	0.14	0.34	0.25	128.32/520.97
Cash/total assets[c]	0.52	0.46	0.53	275.39/520.97
Cash/liability[d]	1.53	1.03	1.25	275.39/221.15
Unliquidated obligations/total liabilities[e]	0.06	0.05	0.07	16.19/221.15

Source: UNODC financial statements.

[a] In millions of United States dollars.

[b] A low indicator depicts a healthy financial position.

[c] A high indicator depicts a healthy financial position.

[d] A low indicator is a reflection that insufficient cash is available to settle debts.

[e] A low indicator is a positive reflection that obligations are being liquidated.

3. Progress towards the implementation of International Public Sector Accounting Standards

25. In accordance with General Assembly resolution 61/233 and in response to the comments of the Advisory Committee on Administrative and Budgetary Questions in its report on the financial reports and audited financial statements and reports of the Board of Auditors for the period ended 2005 (A/61/350 and Add.1), the Board again performed a gap analysis relating to the implementation of the International Public Sector Accounting Standards and new or upgraded enterprise resource planning systems. The Board commented on the desirability of such systems taking fully into account the detailed requirements of IPSAS.

26. Regarding IPSAS, the task force based in New York is supplying UNODC with the necessary updates for the implementation procedures.

27. In accordance with the conclusions of the second progress report of the Secretary-General on the adoption of the International Public Sector Accounting Standards (A/64/355), UNODC is required to migrate to a new enterprise resource planning system based on IPSAS by 2013 for the UNODC financial area managed by the Integrated Management System Information (IMIS). One area of progress in which UNODC has made progress has been in aligning its timetable for implementing IPSAS in 2014 with the timetable for installing the new enterprise resource planning system.

28. The UNODC requirement for the new enterprise resource planning system arises from the need to implement IPSAS and upgrade IMIS. The Board is nevertheless of the view that the coexistence of three information systems within UNODC (IMIS, ProFi and People Soft) running different databases could be a cause for concern.

29. The information technology architecture at UNODC is likely to generate risks, particularly associated with the preparation of financial statements (which are currently compiled manually by the UNODC finance service). At present, approximately 70 per cent of UNODC financial information is held on its own systems (People Soft, ProFi and FOML) and then transferred to IMIS.

30. UNODC explained that United Nations Office at Vienna/UNODC are members of IPSAS Steering Committee and are active participants in the Umoja project, and as such will follow the timelines and project plan established by these projects. The Umoja project will be setting timelines, and, as part of change management, United Nations Office at Vienna/UNODC, will have no say in the matter but to comply with the project plan and timelines.

31. Although UNODC is an active member of the Steering Committee for the Umoja project, there was no evidence that the studies, timelines, budgets and works necessary to update UNODC's own systems (People Soft, ProFi and FOML) were included in parallel with the timeline for implementing the Umoja system in 2014. The Board believes that this work cannot be done solely within the Umoja working groups, owing to the specific requirements arising from the existence of several data management systems unique to UNODC.

32. **The Board recommends that UNODC draw up an analysis of its needs and the risks posed by the migration and necessary update of its information technology systems, People Soft, ProFi and FOML, during implementation of the new United Nations enterprise resource planning system.**

4. Statement of income and expenditure

33. The financial statements prepared by UNODC present the organization's consolidated income and expenditure (statements I, II and VII), but they are also broken down by area (Drug statements III and IV and Crime statements V and VI).

34. The organization's income and expenditure from the United Nations regular budget are not shown in the financial statements. They are presented separately in a paragraph of the UNODC's Financial Report. Table II.2 shows the overall increase in UNODC's income and expenditure since 2004-2005. Income from the regular budget of the United Nations represented 7.5 per cent of UNODC's total revenues (and 8.3 per cent of its total expenditure).

Table II.2
Growth in income and expenditure
(Millions of United States dollars)

	2004-2005			*2006-2007*			*2008-2009*		
	Income	*Expenditure*	*Balance*	*Income*	*Expenditure*	*Balance*	*Income*	*Expenditure*	*Balance*
Drug Programme Fund	193.9	165.6	28.3	249.1	189.9	59.2	355.6	321.5	34.1
Crime Programme Fund	68.2	28.0	40.2	115.2	74.2	41.0	151.3	133.6	17.7
UNODC total	**262.1**	**193.6**	**68.5**	**364.3**	**264.1**	**100.2**	**506.9**	**455.1**	**51.8**
Regular budget	32.8	32.3	0.5	35.9	35.5	0.4	41.0	40.9	0.1
Grand total	**294.9**	**225.9**	**69.0**	**400.2**	**299.6**	**100.6**	**547.9**	**496.0**	**51.9**

Source: UNODC financial statements and financial report.

35. Paragraph 5 (iii) of the United Nations system accounting standards defines materiality as follows: "Financial statements should disclose all items which are material enough to affect evaluations or decisions and all material information

which is necessary to make the statements clear and understandable". Paragraph 7 of the United Nations system accounting standards states that: "The objective of financial statements is to provide information about the financial position and performance of the organization". Paragraph 32 also lists the content of financial statement headings, in particular as follows: "Income for a financial period is defined in the United Nations system as money or money equivalent received or accrued during the financial period which increases existing net assets (contributions assessed under regular budgets or special accounts — voluntary contributions)".

36. According to UNODC, regular budget resources for UNODC are approved by the General Assembly in sections 16 and 22 of the programme budget of the United Nations (see A/60/6, sects. 16 and 22 for the biennium 2006-2007 and A/62/6, sects. 16 and 22 for the biennium 2008-2009). These resources are included in the financial statements of the United Nations for the period ended 31 December 2009 (A/65/5 (Vol. I)).

37. UNODC indicated that it had not received any delegation of authority from the Secretary-General to submit the accounts for appropriations voted by the General Assembly. The regular budget of UNODC was still reported by the Secretary-General and was consolidated in the financial statements of the United Nations for the period ended 31 December 2009 (A/65/5 (Vol. I)).

38. The Board is however of the view that unless specified otherwise, financial statements ought to give an exhaustive view of the financial situation of the reporting entity, as also prescribed in the above-mentioned provisions of the United Nations system accounting standards. UNODC does not need a specific mandate to include part of its activity in its financial statements. It is its responsibility to prepare financial statements that reflect the entirety of its operations. Unless it is made clear that these financial statements reflect only part of its activities, they are considered incomplete. The optimal solution would be for UNODC to present financial statements that include both its regular-funded and voluntary-funded activities. Another solution would be to revise the title of the current financial statements and the notes thereto to explicitly reflect that they cover only the voluntary-funded activities.

39. **The Board recommends that UNODC: (a) revise the title of its financial statements and the notes thereto to reflect that their scope is limited to the voluntary-funded activities; and (b) consider preparing financial statements that include the activities funded by the regular budget of the United Nations.**

5. Statement of assets, liabilities, reserves and fund balances

Other assets

40. As at 31 December 2009, the total of other UNODC assets amounted to $2.5 million, of which $2 million were deferred charges for commitments against future financial periods and $0.5 million was for deferred charges for education grant advances.

41. In accordance with staff regulation 3.2 (see ST/SGB/2009/6), United Nations staff are entitled to an education grant. The amount of this allowance per scholastic year for each child is 75 per cent of the admissible educational expenses actually incurred, subject to a maximum grant as approved by the General Assembly.

42. As per note 2 (d) (v) to the financial statements of UNODC of the present report, "For purposes of the balance sheet statements, only those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled".

43. The reclassification to record deferred charges does not raise any particular issue. However, the treatment of the expenditures is problematic. As explained in note 2 (d) (v), the amounts of education grants paid out to staff members, generally during the summer preceding a given scholastic year, are first recorded as advances (accounts receivable). It is only when staff members produce the proof of the entitlement, that the advances are settled and expenditure recognized; this occurs in the summer following the said scholastic year. Consequently, considering the timing of the process, the amount of education grants expenditure recorded in the accounts of the biennium 2008-2009 does not correspond to the amounts actually paid during the biennium. Rather, it corresponds to the amounts paid in 2007 and 2008, respectively, for the 2006/07 and 2007/08 scholastic years. The education grants paid to staff in 2009 will be recorded as expenditure of the biennium 2010-2011.

44. According to paragraph 38 of the United Nations system accounting standards (revision VIII), "expenditure for a financial period is the sum of the disbursements and valid unliquidated obligations made against the appropriation/allocation of the period". In addition, neither the United Nations system accounting standards nor the United Nations Financial Regulations and Rules contain any other specific provisions allowing for not considering certain disbursements made against an appropriation as expenditure. The notion of advance is hardly mentioned, and even less so defined, in the financial and accounting rules applicable to the UNODC. Based on the above, the Board considers that the United Nations system accounting standards provide limited ground to support the accounting treatment exposed in note 2 (d) (v) to the financial statements.

45. The Administration argued that paragraph 38 of the United Nations system accounting standards should not be read as implying that all disbursements ought to be recognized as expenditure. It further stated that, as provided in the administrative instruction of the Secretary-General on education grants (ST/AI/2004/2), education grants are considered as advances when paid before the end of the scholastic year.

46. This argument does not explain why advances to staff members do not fall under the category of disbursements made against the appropriation of the period set out in paragraph 38 of the United Nations system accounting standards. These advances do not amount to loans made to staff on a discretionary basis, which can be practised in some entities; such transactions would definitely be treated as accounts receivable. Education grants are legal entitlements supported by relevant appropriations in the budget of the United Nations.

47. In addition, considering the conflicting interpretations of the United Nations system accounting standards regarding this matter and the lack of a definition of an advance in the United Nations system accounting standards, the Board turned to the fundamental accounting principle of substance over form recognized by the United Nations system accounting standards (see para. 5 (iii)), according to which the economic reality of a transaction prevails over its legal nature. In this case, even

though education grants are indeed to be considered as advances in accordance with the above-mentioned administrative instruction of the Secretary-General, they are actually payments made to their final beneficiaries and, in the absence of any specific accounting standard on the matter, constitute expenses of the organization.

48. **The Board recommends that UNODC revisit its accounting treatment of education grants.**

Voluntary contributions receivable

49. Voluntary contributions outstanding as at 31 December 2009 were $128.3 million, compared with the amount of $157.4 million for the preceding financial period, a decrease of $29.1 million, or 18.5 per cent. Unpaid pledges (without funds received under inter-organizations arrangements) as at 31 December 2009 decreased compared to the previous biennium, as shown by table II.3.

Table II.3
Change in unpaid pledges
(Millions of United States dollars)

	Unpaid pledges as at 31/12/2007	*Unpaid pledges as at 31/12/2009*	*Percentage change*
Drug Programme	103.7	68.4	-34
Crime Programme	34.0	43.2	27
Total	**137.7**	**111.6**	**-19**

Source: UNODC financial statements, schedule 1, "total voluntary contributions".

50. Similarly, the overall amount of unpaid pledges aged over two years had fallen, as shown in table II.4.

Table II.4
Unpaid pledges older than 24 months
(Millions of United States dollars)

	As at 31/12/2007	*As at 31/12/2009*	*Percentage change*
Drug Programme	11.2	4.3	-62
Crime Programme	5.6	6.4	15
Total	**16.8**	**10.7**	**-36**

Source: UNODC financial statements, schedule 1.

51. The Board recognized the progress made by UNODC but still found few very old unpaid pledges. In April 1999, a Member State had committed to pay $291,312 for a programme to take place over a period of four years. More than 10 years after the pledge and four years after the end of the project, a significant portion ($220,562) had not yet been paid. No provision had been made for non-collection.

52. UNODC answered that efforts to recover the outstanding pledge amounting to $220,562 had been made and were still under way. When UNODC is certain that the money will not be recovered, the write-off request will be submitted.

53. **UNODC agreed with the Board's recommendation to: (a) continue its efforts to recover voluntary contributions outstanding; and (b) be vigilant in monitoring very old unpaid pledges.**

6. Budget

54. UNODC revised the initial budget for the biennium 2008-2009 upwards by $170.7 million from $294.8 million to $465.5 million. The initial budget was approved on 23 and 30 November 2007 by resolution 16/6 of the Commission on Crime Prevention and Criminal Justice and on 27 and 28 November 2007 by resolution 50/14 of the Commission on Narcotic Drugs. Prior approval for the revision of the initial budget was not obtained from either the Advisory Committee on Administrative and Budgetary Questions or the above two Commissions in their respective areas of competence. This raising of the budget ceiling concerned the general-purpose funds (up by $3.3 million), the special-purpose funds (up by $165.4 million) and the programme support cost funds (up by $2 million).

55. According to UNODC, in accordance with rule 3.1 of the Financial Rules of UNODC, the consolidated budget "shall focus on the use of general-purpose funds and present all activities including those financed from special-purpose funds, programme support costs and regular budget resources". In other terms, the focus is on general-purpose funds (unearmarked) contributions as the only resources over which the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice have budgetary authority. According to UNODC, the estimates presented in the budget document for other funding sources are not approved by the Commissions.

56. Rule 2.1 of the Financial Rules of UNODC stipulates that: "the Commission on Narcotic Drugs is the principal United Nations policy making body on drug control issues and exercises its financial and budgetary authority". Rule 3.2 states that: "the biennial budget shall be submitted to the Advisory Committee on Administrative and Budgetary Questions for examination. The biennial budget and the related report of the Advisory Committee shall be submitted to the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice".

57. The Board is of the view that the UNODC financial rules were not applied as regards prior approval of the revision of the 2008-2009 budget for the general-purpose funds (increased by $3.3 million). Concerning the increase in the special-purpose funds by $165.4 million, annual approval by the above two Commissions, though not formally required, would confirm the strategic choices made by the Executive Director of UNODC.

58. **The Board recommends that UNODC comply with its financial rules regarding prior approval when adopting budgets for the general-purpose funds.**

7. End-of-service liabilities (including after-service health insurance)

59. The financial statements for the period under review reflected end-of-service liabilities amounting to $24.670 million ($18.76 million for the previous biennium). Of that amount, $14.48 million represented after-service health insurance liabilities,

$3.08 million related to unused annual leave credits, $4.24 million represented repatriation benefits, and $2.87 million related to end-of-service allowances for general support staff.

60. At the end of their service, eligible staff members are entitled to after-service health insurance coverage. The accrued after-service health insurance liabilities, as determined by actuarial valuation, amounted to $14.48 million as at 31 December 2009.

Funding policy for end-of-service liabilities

61. In its previous report (A/63/5/Add.9, para. 77), the Board addressed the question of a funding plan for the end-of-service liabilities. In its summary report for the biennium 2006-2007 (A/63/169), the Board emphasized that the recording of end-of-service and post-retirement liabilities in financial statements called for a comprehensive and effective funding plan.

62. The Board however noted that UNODC did not have a formally documented funding plan for end-of-service liabilities that was approved by the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice. A funding plan would include a comprehensive and effective funding strategy that considers the nature of the liabilities to be funded and the nature of the investments to be maintained for such liabilities. The funding plan may also need to consider the appropriateness of the ring-fencing of the investments that are set aside for such liabilities.

63. The Board was concerned that where the end-of-service and post-retirement liabilities were not supported by an approved funding plan, there was a risk that UNODC might not be in a financial position to fully meet its obligations with regard to end-of-service liabilities and post-retirement benefits as and when those liabilities become due. In addition, while calculating the actuarial (accounting) liability, UNODC applied a discount rate linked to corporate bonds. It follows therefore that, in the light of the current investing policy of UNODC that favours sovereign/government bonds, this discount rate assumption may require reconsideration when a funding plan is considered.

64. UNODC explained that its voluntary funds, the Drug Programme and the Crime Programme Funds are United Nations trust funds. In this regard, the mechanism for the funding of after-service health insurance and other end-of-service liabilities must be governed by consistent Secretariat-wide policies and procedures. The establishment of such policies and procedures are the responsibility of the Controller of the United Nations and the General Assembly. UNODC understands that these policies and procedures are being developed at United Nations Headquarters and will apply them to the funding of the after-service health insurance and end-of-service liabilities of the Drug Programme and Crime Programme Funds.

65. The Board is of the view that the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice should also be informed of this issue.

66. **The Board reiterates its previous recommendation that UNODC develop a funding plan for end-of-service and post-retirement liabilities, notably for after-service health insurance coverage.**

Annual leave actuarial valuation amount

67. UNODC accrued for annual leave amounting to $3.08 million. Whereas the annual leave liability had previously been estimated using the current-cost methodology, UNODC changed its accounting policy and calculated the annual leave liability based on an actuarial valuation performed by an external consultant. The Board noted that the external consultant indicated in its report that it had been requested by UNODC to provide an actuarial valuation of after-service health insurance, repatriation and annual leave benefits for the purpose of reporting under International Public Sector Accounting Standard 25.

68. The Board reviewed the actuarial valuation report where the liability amounts for after-service health insurance, repatriation benefits and annual leave were determined by the actuary based on certain census data submitted by UNODC. As far as the annual leave liability is concerned, the extracts of the assumptions detailed in the actuarial valuation report were as follows:

(a) "Annual leave benefits to provide staff members with periods of time off from work at full pay for personal reasons and for the purposes of health, rest and recreation. Upon separation from service, staff members who have accrued unused annual leave will be paid for each day of unused leave up to a maximum of 60 days. This benefit is referred to as 'annual leave' ";

(b) "Annual leave projection: the annual leave balance upon separation from service was projected to be equal to a staff member's current annual leave balance as at 1 January 2010 plus additional days of annual leave earned and not taken after 1 January 2010;

(c) The obligations were valued based on a discount rate of 6 per cent as at 31 December 2009.

69. UNODC justified the change in the valuation method of annual leave by reference to IPSAS 25, although no mention of IPSAS is made in the financial statements. This change is considered by UNODC as an enhancement of the financial information which, while compliant with the United Nations system accounting standards, is a step towards the full implementation of IPSAS.

70. The Board took this fact into consideration and checked whether this new valuation method would be compliant with IPSAS once it is fully applicable to UNODC.

71. An important distinction made by IPSAS 25 is the one between short-term and long-term benefits. UNODC has applied the actuarial valuation method to the leave liability based on the assumption that annual leave is a long-term benefit.

72. IPSAS 25 defines short-term employee benefits as "benefits (other than termination benefits) which fall due wholly within 12 months after the end of the period in which the employees render the related service". Furthermore IPSAS 25, paragraph 11, provides examples of items that are classified as short-term benefits, including "short-term compensated absences (such as paid annual leave and paid sick leave) where the absences are expected to occur within 12 months after the period in which the employees render the related service". The fact that, as provided for by the staff rules of UNODC, employees may accumulate unused leave days from one period to the next does not in itself make annual leave a long-term benefit. Nor does the fact that employees are entitled to a cash payment for unused leave

days upon ceasing service. IPSAS 25 (paras. 14-19) provides for these cases, which are classified under short-term benefits.

73. In addition, IPSAS 25, paragraph 12, states that, "accounting for short-term employee benefits is generally straightforward because no actuarial assumptions are required to measure the obligation or the cost and there is no possibility of any actuarial gain or loss. Moreover, short-term employee benefit obligations are measured on an undiscounted basis".

74. Therefore, the Board is of the view that the annual leave liability of $3.08 million calculated through the actuarial valuation is not compliant with IPSAS 25 as it (a) includes future days to be accumulated; and (b) is a discounted amount.

75. **UNODC agreed with the Board's recommendation to revise its policy for the valuation of leave liability when implementing the International Public Sector Accounting Standards.**

Census data error

76. The Board noted that outdated census data was used in the computation of UNODC end-of-service liabilities (including after-service health insurance) as of 31 December 2009. UNODC indicated that it provided census data to the actuary by the 31 December 2009 submission deadline. However, UNODC provided staff data as at 31 December 2009 to the Board in April 2010 that was different from data in the actuarial report. The Board analysed the census data provided to the actuary and the updated data, and noted a difference for population of active staff members (annual leave benefit).

77. The change represented a 0.4 per cent difference in staff numbers. UNODC explained that the difference in the number of active staff members was owing to the fact that the census data for active staff members for UNODC is based on the information provided by the Office of Programme Planning, Budget and Accounts of the Secretariat.

78. The Board is concerned that provision of outdated census data to the actuary would result in inaccuracy of end-of-service liabilities (including after-service health insurance) reflected in the notes to the financial statements.

79. **UNODC agreed with the Board's recommendation to ensure the accuracy of the data used in the computation of end-of-service liabilities (including after-service health insurance) in the future financial periods.**

Discount rate and health-care escalation rates for the after-service health insurance liability

80. As disclosed in note 3 (e) and (f), and note 6 to the financial statements, the actuarial valuation liability for after-service health insurance depends upon actuarial assumptions, among the main ones of which are the discount rate and health-care escalation rates. The Board has noted that UNODC has changed these two actuarial assumptions from the last biennium.

81. Paragraph 5 (iii) of the United Nations system accounting standards states: "financial statements should disclose all items which are material enough to affect evaluations or decisions and all material information which is necessary to make the statements clear and understandable".

82. The Board however noted that UNODC did not disclose the changes to the major assumptions in the notes to the financial statements. The actuarial assumptions used for the valuation as at 31 December 2009 were disclosed, but the assumptions used for the previous valuation were not recalled. In addition, neither the reasons nor the impact of the changes were disclosed, with the exception of the discount rate for which the sensitivity analysis performed for the actuary was summarized.

83. Considering the sensitive nature of the after-service health insurance liability for UNODC and the significance of the actuarial assumptions, the Board is of the view that their modification constitutes in itself material information, and should be sufficiently disclosed.

84. **UNODC agreed with the Board's recommendation to modify the notes to its financial statements by including disclosure of the change in the main actuarial assumptions used (discount rate and health-care escalation rates) for the valuation of the after-service health insurance liability, along with the reason for and the effect of this change.**

85. UNODC specified that it would incorporate in the notes to future financial statements information on the main actuarial assumptions.

86. In its previous valuation of the after-service health insurance liability, UNODC used a discount rate of 5.5 per cent. The valuation of the after-service health insurance liability as at 31 December 2009 relied on a discount rate of 6 per cent.

87. A discount rate is an interest rate used as a common financial practice to estimate the present value of an amount to be earned or lost at a future date. In other words, it represents the time value of money. As the after-service health insurance liability is composed of benefits that will be paid out by UNODC to its retired staff in the future, IPSAS, like most other accounting frameworks, requires that these amounts be "discounted" so that the reporting entity takes the present value of the future benefits as an estimate for its liability.

88. By construction, the higher (respectively the lower) the discount rate, the lower (respectively the higher) the present value of future amounts. Hence, all things being equal, the increase in the discount rate used by UNODC resulted in a lower after-service health insurance liability compared to the previous financial period.

89. IPSAS 25, which serves as a reference for the actuarial methodology used for the valuation of the after-service health insurance liability, in accordance with General Assembly resolution 61/264, does not prescribe any particular discount rate. It however states, in paragraph 91, that "the rate used to discount post-employment benefit obligations (both funded and unfunded) shall reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money shall be consistent with the currency and estimated term of the post-employment benefit obligations". It further specifies, in paragraph 94, that "an entity makes a judgment whether the discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds, high quality corporate bonds or by another financial instrument".

90. Like most of the methodological elements used for the actuarial valuation of the after-service health insurance liability, the discount rate was selected by the United Nations on behalf of all the entities that participate in the same health plans and for which the United Nations coordinated the valuation exercise.

91. According to the United Nations, the objective of selecting a discount rate when valuing end-of-service allowance benefits is to measure the single amount that, if invested in a portfolio of high-quality debt instruments, would provide the necessary future cash flow to pay the accrued benefits when due. The United Nations has historically established the discount rate assumption by referring to rates of return on available high-quality, fixed-income investments with cash flow that match the timing and amount of expected benefit payments. The rates of return used as a reference by the United Nations have been those of high-quality, long-term corporate bonds.

92. The Board acknowledges that this methodology is compliant with IPSAS 25, yet makes the following comments for consideration in the discussion on funding these liabilities:

(a) The increase in the discount rate does not reflect the trend in interest rates that have generally tended to decrease over the recent period. This increase results in the United Nations having decided not to increase the discount rate for the previous valuation, although the application of the methodology described above would have resulted in an increase from 5.5 per cent to 6.5 per cent at that time. Considering the uncertainties on the prescriptions of IPSAS (IPSAS 25 had not been adopted yet), the United Nations had conservatively decided to maintain the 5.5 per cent rate. Had it chosen to raise the rate to 6.5 per cent at the time, the same rate would have then decreased, instead of increased, for the last valuation, which would have been consistent with the economic environment;

(b) The discount rate is but one example of the high level of uncertainty inherent in the actuarial valuation of a liability. While compliant with the accounting standards, this valuation is only an estimate of the actual value of the liability. Consequently, the Commission on Crime Prevention and Criminal Justice and the Commission on Narcotic Drugs may wish not to regard this as the absolute reference. Valuations based on standards other than accounting ones may yield different results. In this regard, the Board wishes to underline that a financial valuation of the funding needs (or "funding valuation") would result in a different value than the accounting valuation, which, by construction, is generally more conservative.

8. Treasury management

93. UNODC cash and term deposits amounted to $29.57 million as at 31 December 2009. This was a 63 per cent increase on the amount of $18.15 million as at 31 December 2007. Investments in the cash pool of offices away from Headquarters totalled $245.82 million, a 26 per cent increase on the amount of $195.72 million as at 31 December 2007.

Savings account of an UNODC country office

94. The savings account, held in local currency, was set up in January 2007, with the agreement of the Treasurer at United Nations Headquarters, to receive voluntary

contributions from a Member State. UNODC also produced e-mail exchanges from January 2007 between the UNODC finance service and the Treasurer at United Nations Headquarters detailing the history of the opening of this bank account.

95. The Board found that the balance of $27.18 million in that country office bank account as at 31 December 2009 was excessively high, and represented 92 per cent of the organization's total cash and term deposits at the end of the biennium 2008-2009.

96. During 2009, the bank account carried a monthly balance higher than $15 million, which is more than the necessary estimated cash requirements of the country office for two and a half months, as stipulated in rule 104.7 of the Financial Regulations and Rules of the United Nations.

97. During 2009, the account earned $990,941 in interest. The excess cash has never been reversed to the United Nations cash pool. This account, which receives contributions, is also a locally managed investment account, so regulations 4.16 and 4.17 and rules 104.12 and 104.13 of the Financial Regulations and Rules of the United Nations on investments should apply. However, UNODC did not comply with those regulations and rules.

98. An examination of the gains and losses on exchange for the biennium 2008-2009 showed losses on exchange for UNODC of $11.9 million, of which $6.88 million (or 58 per cent) was caused by activity of the UNODC bank account in this country.

99. Although the account balance mainly comes from voluntary contributions of the host Member State, there are some deposits from other donors in this account, which is intended to fund UNODC projects in this country.

100. In response to the Board's queries, UNODC produced a letter from the Member State dated 4 May 2010 and addressed to the UNODC country field office representative, confirming that it was not possible by law to transfer public funds for technical assistance to bank accounts outside this country.

101. Finally, UNODC reckons that the savings account of its office in this country generated an average interest rate of 4.17 per cent per year, which is higher than the interest rate of the investment pool of the offices away from Headquarters of 2.25 per cent per year.

102. The documents produced to justify the setting up and conditions of use of this bank account, the follow-up reports and performance reports did not provide enough information to establish that UNODC was complying with the United Nations rules for the use and management of investment accounts (regulations 4.16 and 4.17 and rules 104.12 and 104.13 of the Financial Regulations and Rules of the United Nations) or that it was safeguarding itself against the financial risk associated with the economic conditions and the legislative constraints imposed by the host country.

103. The use of this specific account presents several challenges, given the foreign exchange risk, the difficulty to know the interest earned, and the restrictions of the local legislative framework.

104. **UNODC agreed with the Board's recommendation to: (a) analyse the conditions of use of the bank account in the country office in question; and**

(b) request the United Nations Treasurer for an official opinion about continuing use of this account in its current form.

9. Implementing partners and nationally executed projects

105. Out of more than $416 million worth of expenditure linked to projects, $229 million was undertaken directly by UNODC and $187 million was undertaken by implementing partners. The main implementing partners of UNODC were the United Nations Development Programme (UNDP) ($139 million), the United Nations Office for Project Services (UNOPS) ($12.8 million), the United Nations Population Fund (UNFPA) ($1.2 million) and the Food and Agriculture Organization of the United Nations (FAO) ($0.9 million).

106. Details of expenditure by implementing partners are shown in table II.5.

Table II.5
Expenditure linked to projects by implementing partners
(Thousands of United States dollars)

Entity	*General purpose*	*Special purpose*	*Total*	*Share of total (percentage) 2008/2009*	*Share of total (percentage) 2006-2007*	*Variation (percentage)*
UNODC	18 491	210 669	**229 160**	55	43	12
United Nations entities	7 731	145 458				
United Nations agencies		1 150	**154 339**	37	44	-7
Non-governmental organizations		1 397	**1 397**	0	1	-1
National implementation		31 299	**31 299**	8	12	-4
Total	**26 222**	**389 973**	**416 195**	**100**	**100**	

Source: United Nations Office on Drugs and Crime financial statement, schedule 5.

107. UNODC does not monitor the breakdown by project of advances for projects handled by UNDP. UNODC pays UNDP blanket advances, which are not broken down by project. UNDP then makes payments to the different projects in accordance with the appropriation authorizations granted by UNODC.

108. The total amount of the advances paid to UNDP (related to the United Nations Drug Control Programme) as at 31 December 2009, which could not be reconciled by project, was $8.50 million (or $4.15 million for projects undertaken by UNDP and $4.35 million for projects implemented in partnership with Governments), which represents 78 per cent of the total advances to implementing partners.

109. By way of financial monitoring of its advances to partners through UNDP, UNODC compares its tables of advances with those produced by UNDP. The Board identified two problems concerning this procedure:

(a) For projects implemented by UNDP, UNDP produced an annual reconciliation of the balance of the accounts for advances due from UNODC, which

showed that the amount of the advances would be $1.79 million more than the amount shown in UNODC's accounts;

(b) For programmes for national implementation, UNDP produced an annual balance based on entries in the Atlas system. The reconciliation of this amount declared to be held by UNDP with the amount appearing in UNODC's accounts reveals a difference of $0.7 million.

110. According to UNODC, for the $1.79 million difference in the 2004 opening balance for the UNODC service clearing account with UNDP, the main issue was that UNDP was not able to provide UNODC with any additional information other than the document for the opening balance, which did not help UNODC to reconcile the balances as reported by UNDP with its accounting records.

111. For the $0.7 million difference in the 2009 closing balance for the UNODC national implementation account with UNDP, UNODC asked UNDP to provide additional information to enable UNODC to reconcile the cash balance with UNDP.

112. **UNODC agreed with the Board's recommendation to resolve the discrepancies between advances for its own balances and those of UNDP's records.**

10. Non-expendable property management

113. Non-expendable property consists of property and equipment valued at $1,500 or more per unit at the time of purchase and with a serviceable life of five years or more. As disclosed in note 9 to the financial statements, the value of non-expendable property as at 31 December 2009 amounted to $36 million, a 61 per cent increase from the previous period's balance of $22.4 million.

114. The administrative instruction of 19 May 2003 on property management and inventory control at United Nations Headquarters specifies that "each head of department or office shall ensure that a comprehensive physical inventory of supplies, equipment and other property of the United Nations is conducted every two years. Such inventories shall be coordinated and consolidated by the Facilities Management Division in order to make the property records available to controlling bodies. Special inventories may be conducted as needed" (see ST/AI/2003/5, sect. 3.6).

115. Paragraph 88 of the Board's report for the biennium 2006-2007 (A/63/5/Add.9) states that: "UNODC agreed with the Board's recommendation to draw up and implement formalized and traceable internal control procedures to guarantee the reliability of information given on the total value of property in service at the end of the period".

116. Nevertheless, no formal and traceable internal control procedures were drawn up. The Board was told that a physical inventory had been performed in 2008 and was given a folder with sheets recording the items of each office. However, that folder was not at all satisfactory. The documents expected after an inventory are the following: the inventory sheets (including inventory date, equipment and property assigned to a department or office, property assigned to a staff member, and discrepancies, if needed), minutes of this inventory, including details of all discrepancies, and the signature of the property records' custodian (responsible for

keeping records of all the property assigned to his or her department or area of responsibility).

117. **UNODC agreed with the Board's reiterated recommendation to draw up and implement formalized and traceable internal control procedures to guarantee the reliability of information given on the total value of property in service at the end of the period.**

118. **UNODC also agreed with the Board's reiterated recommendation to implement an inventory process that is in compliance with the expectations of the controlling bodies and compliant with administrative instruction ST/AI/2003/5.**

11. Consultants, experts and temporary assistance

119. In paragraph 90 of the Board's previous report (A/63/5/Add.9), UNODC agreed with the Board's recommendation that field offices send periodically to the Director of the Division for Operation a report on work carried out by consultants, in order to strengthen control over recruitment and the work of consultants. The Division for Operations conducted the review of consultancy contracts semi-annually instead of quarterly. The review started in June 2009. Review of the field office contracts has been done by sampling methods, and at times it has been difficult for UNODC to determine the:

(a) Accuracy of the tables submitted by the field office (dates, fees, contract types, issuing agency);

(b) Completeness of the table (to make sure all contracts have been reported);

(c) Reasonableness of the fees, because sometimes consultants only work for much less time than the contract period.

120. UNODC explained to the Board that the Division for Operations continued to monitor the consultancy contracts in the field offices and ensured that the hiring of consultants was done in accordance with applicable rules and regulations.

12. Internal audit function and findings

121. During the biennium 2008-2009, OIOS audited three external offices of UNODC: the Regional Office for Russia and Belarus, the country office, Colombia and the country office, Myanmar. Recruitment procedures, the Joint United Nations Programme on HIV/AIDS, procurement management and information systems were also audited.

122. The rate of implementation of the OIOS programme for the biennium was 70 per cent: of the 10 planned audits, 7 had been carried out — 5 in 2008 and 2 in 2009 — and 3 had been cancelled or postponed for lack of resources.

123. The Board noted that the current memorandum of understanding between OIOS and UNODC had not been reviewed since 1999.

124. **The Board recommends that UNODC review the current memorandum of understanding with the Office of Internal Oversight Services to settle the resources issue.**

Headquarters

UNODC recruitment procedures

125. OIOS noted that equality and geographical balance were not fully respected. The audit of mechanisms for the delegation of authority revealed irregularities in relation to the administrative rules in force.

126. UNODC should seek an agreement with the Department of Economic and Social Affairs, which manages its associate experts, to obtain the repayment of a 14 per cent commission for logistics services that UNODC provided to these experts. In view of the fact that this report was so recent (12 February 2010) and the Board's audit was carried out in April 2010, as at the audit date this request had not yet been implemented.

HIV/AIDS programme

127. The rapid growth of the programme, which was originally limited to drug use, has not been accompanied by the necessary changes in terms of mandate and structure. The setting up of a consolidated tool giving an overview of project implementation could improve planning, monitoring and evaluation.

Procurement management

128. OIOS audited the procurement procedure at UNODC/United Nations Office at Vienna during the period from January 2005 to August 2008, during which 6,000 orders were placed, worth $55 million.

129. The audit highlighted many failings, the source of inefficiency, extra costs and delays in the signature of contracts. Maintenance of the vendor database, vendor selection and the technical assessment of tenders clearly did not comply with the provisions of the United Nations Procurement Manual.

Programme and Financial Information Management System (ProFi database)

130. OIOS underlined the need for UNODC to better separate functions and to clarify the role and the responsibilities of data managers. To achieve the required standards of confidentiality and data integrity, improvements must be made by UNODC.

Field offices

131. OIOS noted that, overall, project implementation at UNODC external offices was not as good as it could be. Field offices programme and project management practices were not adequate to ensure the achievement of UNODC strategic objectives.

Regional Office for Russia and Belarus

132. Most of the strategic objectives of the Office for the period 2004-2007 had not been achieved. OIOS pointed out inadequacies in the financial monitoring of projects and the poor standard of annual reports, which failed to provide information on targets set or whether they were met. Contracts with implementing partners were not signed in time, causing delays in programme implementation, while deficiencies in the planning and monitoring of the largest project were highlighted.

Country Office, Colombia

133. OIOS noted weaknesses in the measurement of performance and efficiency: inadequate reporting of projects in progress, lack of relevant and measurable indicators.

134. Human resources management was deficient. The increase in staffing levels from 72 members in the period 2005-2006 to 213 in 2007 brought a sudden increase in management tasks, which the structure was unable to cope with, particularly by pooling support functions. The regulatory procedures for recruiting staff and application of the salary scale were not followed. There was insufficient training, particularly in the areas of ethics and self-evaluation. OIOS noted that there was no designated staff member responsible for procurement and that transparency and procedures for competition in this area were not guaranteed.

Country Office, Myanmar

135. Internal financial controls were weak, particularly on the use of project funds transferred to NGOs, and on procurement, which was done on a case-by-case basis without planning or invitations to tender. Documentary evidence was often missing.

136. The Board emphasizes the need for UNODC to address the matters identified by OIOS.

C. Disclosures by management

1. Write-off of cash, receivables and property

137. As provided in regulation 6.4 and rules 106.8 and 106.9 of the Financial Regulations and Rules of the United Nations, the Administration provided the Board with details of cash losses, receivables and other assets written off during the biennium ended 31 December 2009.

138. The Administration informed the Board that, in accordance with financial rule 106.8, $1.97 million losses of cash and receivables had been written off in the biennium 2008-2009 ($9,924 in the biennium 2006-2007). In accordance with rule 106.9, losses amounting to $3.73 million ($7.2 million in the biennium 2006-2007) had been written off in respect of non-expendable property.

2. Ex gratia payments

139. As required by rule 105.12, the Administration reported ex gratia payments for the period under review amounting to $10,460.

3. Cases of fraud and presumptive fraud

140. In accordance with paragraph 6 (c) (i) of the annex to the Financial Regulations and Rules of the United Nations, the Board examined cases of fraud and alleged fraud that took place during the biennium 2008-2009 and were communicated by UNODC.

141. One case of fraud was discovered in March 2010 at the UNODC local office in Colombia. Between July 2009 and February 2010, an officer in the alternative development unit had on nine occasions ordered small quantities of United Nations

security service guard's uniforms from fictitious suppliers fraudulently registered in the local database. The total amount of the fraud was 28,618,182 Colombian pesos ($14,309). That amount was recovered in full within 15 days from the guilty party, who immediately resigned.

142. An analysis of the case revealed the failure of mechanisms for the internal control of inventories, the vendor database, and the checking of monthly expenditure by project coordinators. The programme coordinator was relieved of her procurement responsibilities, which have now been given to a new unified unit responsible for control of inventories and vendor registration, in liaison with the finance unit of UNODC Country Office, Colombia.

143. To adopt the internal instructions for the prevention, the detection and the reporting of fraud, in December 2009 UNODC's financial resources management service organized a pilot training course to raise awareness of fraud and corruption, which should be incorporated into continuing learning once requirements have been analysed.

D. Acknowledgement

144. The Board wishes to express its appreciation to the Executive Director of the United Nations Office on Drugs and Crime, the Chief of the UNODC Financial Resources Management Service, and members of their staff for the cooperation and assistance extended to its staff.

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa
Chair, United Nations Board of Auditors

(*Signed*) Didier **Migaud**
First President of the Court of Accounts of France
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor-General of China

30 June 2010

Annex

Status of implementation of the Board's recommendations for the biennium ended 31 December 2007[a]

Summary of recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1. Reflect income not on the basis of the amount of the contributions, but in accordance with the United Nations system accounting standards.	14	2004-2005	X			
2. Continue to strengthen the checks put in place to ensure that field offices strictly respect the Financial Regulations and Rules of the United Nations.	33	2006-2007	X			
3. The Secretary-General make proposals to the General Assembly to improve the budgetary structure of UNODC.	37	2006-2007	X			
4. Financial Resources Management Service carry out an internal audit to value on contributions made in kind before they are integrated into financial statements.	40	2006-2007	X			
5. Specify in the mandates entrusted to external auditors that the audit of expenditure by implementing partners should also include unliquidated obligations at the period closure date.	46	2006-2007	X			
6. UNODC in conjunction with the United Nations Office at Vienna determine the allocation of common staff costs between them and disclose the assumptions made for this allocation.	49	2006-2007			X	
7. Put the Treasury Department in New York and field offices in contact in order to update the information relating to bank accounts.	52	2006-2007	X			
8. Take appropriate measures to ensure that bank reconciliations are prepared, reviewed and approved on a monthly basis.	54	2006-2007	X			
9. Strictly comply with rule 104.4 of the Financial Regulations and Rules of the United Nations regarding the opening of bank accounts.	59	2006-2007	X			
10. Strengthen the controls on monthly bank balances in order to ensure strict respect for the provisions of rule 104.7 of the Financial Regulations and Rules of the United Nations.	61	2006-2007	X			
11. Implement a strategy for the reorganization of the Regional Centre for East Asia and the Pacific so as to re-establish programme management and ensure that the Centre remains financially sustainable.	71	2006-2007		X		
12. Establish a more transparent and objective method for the allocation of office operating costs.	73	2006-2007	X			
13. Set up specific funding for end-of-service and post-retirement liabilities, notably for after-service health insurance coverage.	77	2006-2007		X		

Summary of recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
14. Comply with section 3.6 of administrative instruction ST/AI/2003/5 regarding physical inventory of property.	83	2006-2007		X		
15. Division for Management prepare the upgrading of the non-expendable property monitoring software to include a module to depreciate value.	85	2006-2007			X	
16. Draw up and implement formalized and traceable internal control procedures to guarantee the reliability of information given on the total value of property in service at the end of the period.	88	2006-2007			X	
17. Field offices send periodically to the Director of the Division for Operations a report on work carried out by consultants in order to strengthen control over recruitment and the work of consultants.	90	2006-2007	X			
18. Continue its efforts to prepare for the implementation of the integrated management system required by the transition to IPSAS, and take measures to reduce the risks related to transactions, consolidation and extraction of data.	94	2006-2007		X		
19. Adopt internal instructions on the prevention, detection and reporting of cases of fraud and alleged fraud.	106	2006-2007		X		
Total		**19**	**11**	**5**	**3**	
Percentage		**100**	**58**	**26**	**16**	

[a] See A/63/5/Add.9.

Chapter III
Certification of the financial statements

The financial statements of the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund for the biennium ended 31 December 2009 have been prepared in accordance with financial rule 106.10 of the Financial Regulations and Rules of the United Nations and article VII of the Financial Rules of the United Nations Office on Drugs and Crime.

In accordance with General Assembly resolutions 46/185 C and 61/252, the Executive Director of UNODC is responsible for the accounts of the Drug Programme Fund and the Crime Programme Fund and for submitting those accounts and related financial statements to the Board of Auditors, the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the General Assembly.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes and the accompanying schedules provide additional information and clarification of the financial activities undertaken by UNODC during the period covered by these statements.

I certify that the appended financial statements of the Fund of the United Nations International Drug Control Programme and United Nations Crime Prevention and Criminal Justice Fund are correct based on our records and reports from executing agencies.

(*Signed*) Antonio Maria **Costa**
Executive Director
United Nations Office on Drugs and Crime

6 April 2010

Chapter IV
Financial report for the biennium ended 31 December 2009

A. Introduction

1. The financial statements of the Fund of the United Nations International Drug Control Programme (Drug Programme) established pursuant to General Assembly resolution 45/179, and the United Nations Crime Prevention and Criminal Justice Fund (Crime Programme) established pursuant to Assembly resolution 46/152 for the biennium ended 31 December 2009 have been prepared in accordance with rule 106.10 of the Financial Regulations and Rules of the United Nations and article VII of the Financial Rules of UNODC.

2. In accordance with General Assembly resolutions 46/185 C and 61/252, the Executive Director of UNODC is responsible for the accounts of the Drug Programme and Crime Programme Funds and for submitting these accounts and related financial statements to the Board of Auditors, the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the General Assembly.

3. The financial statements for the biennium ended 31 December 2009 present a consolidated account of the Drug Programme and Crime Programme Funds and separate accounts for each of the Funds. A summary of significant accounting policies applied in the preparation of these statements are included as notes to the financial statements. These notes and the accompanying schedules provide additional information and clarification on the activities undertaken by UNODC during the period covered by these statements.

4. Copies of the financial statements are made available to the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice, the Advisory Committee on Administrative and Budgetary Questions, the Board of Auditors and the United Nations Controller.

B. Overview

5. UNODC is mandated to assist Member States in their struggle against illicit drugs, crime and terrorism in all its forms and manifestations. Although Member States, the European Commission and other donors continued to show confidence in the ability of UNODC to provide this assistance in the biennium 2008-2009, as demonstrated by the 43 per cent increase in total voluntary contributions to the Fund of the United Nations International Drug Control Programme and the 31 per cent increase in total voluntary contributions to the United Nations Crime Prevention and Criminal Justice Fund, general-purpose income declined within each of the Funds. Those figures are summarized in table IV.1 below.

6. As approved in resolution 50/14, of the Commission on Narcotic Drugs and resolution 16/6 of the Commission on Crime Prevention and Criminal Justice, starting in 2008, UNODC reports programme support resources as a separate category of funds, while in previous bienniums such resources were classified as general-purpose funds. This split includes the apportionment of interest income to each Fund based in its fund balance, which partly explains the sharp reduction in the

general-purpose interest income from $1.7 million in the biennium 2006-2007 to $0.7 million in the biennium 2008-2009.

7. Total general-purpose income reflects a reduction of 22 per cent (from $32.8 million in the biennium 2006-2007 to $25.6 million in the biennium 2008-2009 — see table IV.2 below), which reflects the split of the interest between general-purpose and programme support cost funds but, more importantly, is owed to a decline in voluntary contributions to the general-purpose funds that was exacerbated by the global financial crisis, which is explained in paragraph 21.

8. During the biennium UNODC worked hard to maintain the confidence of Member States and to increase programme delivery. In this regard, expenditure increased by 69 per cent and 80 per cent for the Drug Programme and Crime Programme Funds respectively. The biennium 2008-2009 allocation of United Nations regular budget resources to the programme of UNODC remained stable in real terms. Those figures are summarized in table IV.1 below.

Table IV.1
Income and expenditure by Fund
(Thousands of United States dollars)

	Biennium			
	2006-2007		*2008-2009*	
Fund	*Income*	*Expenditure*	*Income*	*Expenditure*
Drug Programme Fund	249 077	189 933	355 648	321 522
Crime Programme Fund	115 249	74 226	151 273	133 613
Regular budget	35 865	35 465	41 057	40 964
Total	**400 191**	**299 624**	**547 978**	**496 099**

Table IV.2
Income and expenditure by source of funding
(Thousands of United States dollars)

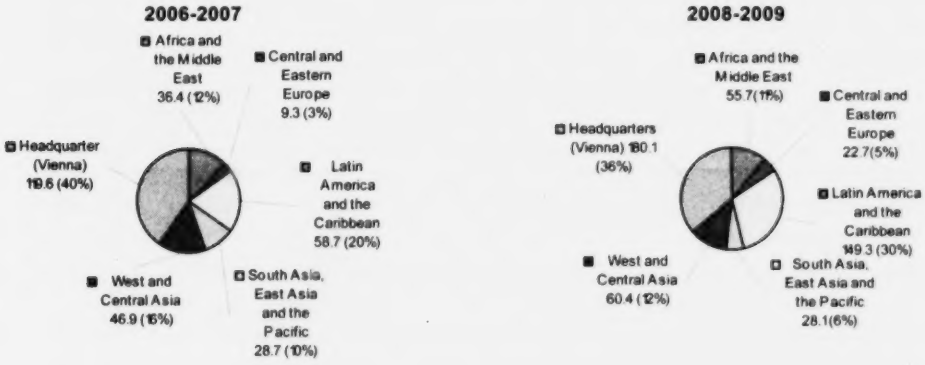
	Biennium			
	2006-2007[a]		*2008-2009*	
Drug Programme and Crime Programme Funds	*Income*	*Expenditure*	*Income*	*Expenditure*
General-purpose funds[a]	32 736	35 241	25 567	27 286
Programme support costs funds[a]	18 385	13 083	41 627	26 343
Special-purpose funds[b]	313 205	215 834	439 726	401 506
Total	**364 326**	**264 159**	**506 920**	**455 135**

[a] Until 2006-2007 programme support costs were classified as general purpose; therefore the information presented is the split information of general purpose and programme support costs. See note 3 of the financial statement.

[b] Includes eliminations as per note 2 (viii) of the financial statement.

9. While the overall expenditure increases shown above impacted all of the regions of the world, growth was particularly significant in Latin America and the Caribbean mainly owing to the project "Support to the monitoring and implementation of the integrated and sustainable illicit crop reduction and alternative development strategy" in Colombia. Previous growth in Africa and the Middle East owing to a large anti-corruption programme in Nigeria was maintained with the expansion of programmes in the field of anti-piracy and new initiatives in Southern Africa and West Africa. West and Central Asia had moderate growth primarily through the expansion of the programme in Afghanistan. Expenditure changes from the biennium 2006-2007 through the biennium 2008-2009 are shown in figure IV.I below. It must be noted that the expenditures shown for headquarters (Vienna) include those from voluntary funds and from the United Nations regular budget covering executive direction and management, global programmes and programme support.

Figure IV.1
Expenditure of the United Nations Office on Drugs and Crime by region
(Thousands of United States dollars)


2006-2007
Africa and the Middle East 36.4 (12%)
Central and Eastern Europe 9.3 (3%)
Headquarter (Vienna) 119.6 (40%)
Latin America and the Caribbean 58.7 (20%)
West and Central Asia 46.9 (15%)
South Asia, East Asia and the Pacific 28.7 (10%)
2008-2009
Africa and the Middle East 55.7(19%)
Central and Eastern Europe 22.7(5%)
Headquarters (Vienna) 180.1 (36%)
Latin America and the Caribbean 149.3 (30%)
West and Central Asia 60.4 (12%)
South Asia, East Asia and the Pacific 28.1(6%)

10. The distribution of the biennium 2006-2007 and biennium 2008-2009 expenditure, across broad categories of expenditure, is shown in table IV.3 below. The highest proportional growth in contractual services and operating expenses is consistent with UNODC activities providing expert technical assistance at the global level.

Table IV.3
Expenditure of the United Nations Office on Drugs and Crime by object of expenditure
(Thousands of United States dollars)

	Biennium	
Object of expenditure	*2006-2007[a]*	*2008-2009*
Staff and other personnel costs	155 643	210 329
Travel	18 640	26 361
Contractual services	54 405	139 465
Operating expenses	15 729	31 727

Object of expenditure	*Biennium*	
	2006-2007[a]	*2008-2009*
Acquisitions	27 632	38 119
All other expenses	27 575	50 098
Total	**299 623**	**496 099**

[a] Correction of 2006-2007 financial report table I.2.

11. Statements I, II and VII and schedules 1, 4 and 5 of the accounts of UNODC summarize the consolidated results of activities funded from the Drug Programme and Crime Programme Funds, which account for all UNODC activities other than those funded by the United Nations, primarily from its regular budget.

1. Fund of the United Nations International Drug Control Programme

12. Statements III and IV and schedule 2 of the accounts summarize the results of the Fund of the United Nations International Drug Control Programme. The corresponding notes explain the accounting policies applied in the preparation of these statements and provide additional information and clarification of the financial activities undertaken during the biennium 2008-2009. The financial performance of the UNDCP Fund is summarized in table IV.4 below.

Table IV.4
Income and expenditure of the Fund for the United Nations International Drug Control Programme
(Thousands of United States dollars)

	Biennium			
	2006-2007[a]		*2008-2009*	
	Income	*Expenditure*	*Income*	*Expenditure*
General-purpose funds	28 322	28 237	19 720	20 755
Programme support costs funds[a]	14 100	11 424	30 597	18 981
Special-purpose funds[b]	206 656	150 271	305 331	281 786
Total	**249 077**	**189 933**	**355 648**	**321 522**

[a] Until 2006-2007 programme support costs were classified as general purpose, therefore the information presented is the split information of general purpose and programme support costs. See note 3 of the financial statement.
[b] Includes eliminations as per note 2 (viii) of the financial statement.

13. General-purpose funds are unearmarked resources that finance the executive direction and management of UNODC, as well as programme and programme support costs both at headquarters (Vienna) and in the field. They are also used to fund advances for projects and other field operations. Programme support costs funds are resources recovered through the application of a charge against activities funded from special-purpose contributions. As approved in resolutions 50/14 and 16/6 of the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice, respectively, UNODC started recording and

reporting programme support cost income earned from special-purpose contributions as a separate category of funds in the biennium 2008-2009. In previous bienniums such resources were classified as general-purpose funds. Special-purpose funds are earmarked voluntary contributions that finance UNODC technical cooperation and other substantive activities at headquarters (Vienna) and in the field.

14. General-purpose income, comprised of voluntary contributions, interest and miscellaneous income, declined by $8.6 million (30 per cent) from $28.3 million in the biennium 2006-2007 to $19.7 million in the biennium 2008-2009. The voluntary contributions component of general-purpose income declined by $7.3 million (29 per cent) from $25.9 million in the biennium 2006-2007 to $18.6 million in the biennium 2008-2009, resulting in a shortfall of $1 million for this biennium.

15. Programme support income increased by 117 per cent ($16.5 million), from $14.1 million in the biennium 2006-2007 to $30.6 million in the biennium 2008-2009, mainly owing to the increase of expenditure in special-purpose funds, which went from $150.3 million to $281.8 million in the biennium 2008-2009, an 88 per cent increase of $131.5 million. Special-purpose funds income also increased, by $98.6 million (48 per cent) from $206.7 million in the biennium 2006-2007 to $305.3 million in the biennium 2008-2009. Growth was particularly marked in Latin America and the Caribbean mainly owing to the project "Support to the monitoring and implementation of the integrated and sustainable illicit crop reduction and alternative development strategy" in Colombia.

2. United Nations Crime Prevention and Criminal Justice Fund

16. Statements V and VI and schedule 3 of the accounts summarize the results of the United Nations Crime Prevention and Criminal Justice Fund. The corresponding notes explain the accounting policies applied in the preparation of these statements and provide additional information and clarification of the financial activities undertaken during the biennium 2008-2009. The financial performance of the Crime Programme Fund is summarized in table IV.5 below.

Table IV.5
Income and expenditure of the United Nations Crime Prevention and Criminal Justice Fund
(Thousands of United States dollars)

	Biennium			
	2006-2007[a]		*2008-2009*	
	Income	*Expenditure*	*Income*	*Expenditure*
General-purpose funds	4 414	7 272	5 848	6 532
Programme support costs funds[a]	4 285	1 391	11 029	7 362
Special-purpose funds[b]	106 549	65 563	134 396	119 719
Total	**115 249**	**74 226**	**151 273**	**133 613**

[a] Until 2006-2007 programme support costs were classified as general purpose, therefore the information available for comparison is the programme support costs income earned on the special-purpose funds. See note 3 of the financial statement.
[b] Includes eliminations as per note 2 (viii) of the financial statement.

17. General-purpose income increased by $1.4 million (32 per cent) from $4.4 million in the biennium 2006-2007 to $5.8 million in the biennium 2008-2009. The voluntary contributions component of total income increased by $2.2 million (68 per cent) from $3.4 million in the biennium 2006-2007 to $5.6 million in the biennium 2008-2009 and programme support costs income increased by $6.7 million (157 per cent) from $4.3 million in the biennium 2006-2007 to $11 million in the biennium 2008-2009. Although the general-purpose voluntary contributions to the Crime Programme Fund increased in the biennium 2008-2009, the rate of increase was not sufficient to support its assigned share of the expenditure of the general-purpose funds of UNODC, generating a shortfall of $0.7 million in the biennium 2008-2009.

18. Income of special-purpose funds increased by $27.8 million (26 per cent) from $106.5 million in the biennium 2006-2007 to $134.3 million in the biennium 2008-2009, while expenditure of special-purpose funds increased by $54.1 million (83 per cent) from $65.6 million in the biennium 2006-2007 to $119.7 million in the biennium 2008-2009. Growth was particularly marked in Africa and the Middle East and in the area of rule of law.

3. Regular budget resources

19. Regular budget resources for UNODC are approved by the General Assembly on the basis of sections 16 and 22 of the programme budget of the United Nations (see A/60/6 (Sect. 16) and A/62/6 (Sect. 22) for the biennium 2006-2007 and A/62/6 (Sect. 16) and A/62/6 (Sect. 22) for the biennium 2008-2009). These resources will be included in the financial report and audited financial statements of the United Nations for the biennium ended 31 December 2009 (A/65/5 (Vol. I)). A summary of UNODC regular budget expenditure against allotments for sections 16 and 22 of the programme budget in the biennium 2008-2009 is shown in table IV.6 below:

Table IV.6
Allocation and expenditure of the United Nations Office on Drugs and Crime, regular budget
(Thousands of United States dollars)

	Biennium			
	2006-2007[a]		*2008-2009*[a]	
Object of expenditure	*Allocation*	*Expenditure*	*Allocation*	*Expenditure*
Salaries and other personnel costs	30 593	30 372	35 613	35 525
Travel	2 474	2 321	2 657	2 543
Contractual services	902	1 030	1 168	1 232
Operating expenses	747	729	647	618
Acquisitions	599	617	570	633
All other expenses	550	395	401	413
Total	**35 865**	**35 464**	**41 057**	**40 964**

[a] Includes sects. 16 and 22 of the programme budget.

20. The regular budget allocation to UNODC is adjusted for changes in exchange rates and inflation and cost-of-living adjustments.

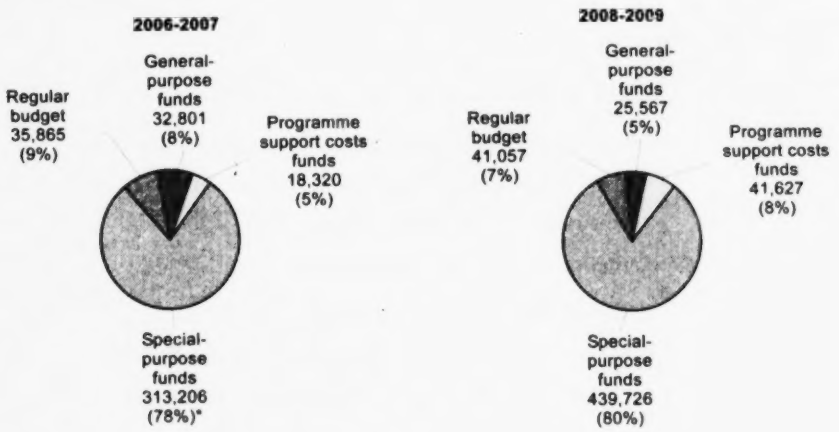
4. Challenges and changes in the biennium 2008-2009 and the biennium 2010-2011

21. In 2009, UNODC faced a difficult financial situation, with a sharp and unexpected decline in general-purpose income, partially exacerbated by the global financial crisis. During the biennium, general-purpose voluntary contributions dropped by 18 per cent, from $29.3 million to $24.3 million. This sharp decline necessitated the implementation of a series of cost-cutting measures, which included the abolition of 29 general-purpose-funded posts and significant reductions in travel, consultancies, training, operating expenses and contractual services. These measures have also entailed a substantial realignment of the field office network, increased cost-sharing of common costs with special-purpose projects and the streamlining of the work of some organizational units. While general-purpose funds represent less than 6 per cent of the total funding available to UNODC, the savings requirements had a disproportionate impact on the daily running of UNODC and presented a serious challenge to its work. General-purpose resources fund part of independent evaluation, policy analysis and research, advocacy, strategic planning, human security and rule of law, health and human development, field offices and the financial monitoring system (ProFi). At the same time, although special-purpose income increased for the biennium, UNODC saw a drop in special-purpose voluntary contributions income from 2008 to 2009, a decline of 25 per cent. The level of special-purpose funds in proportion to general-purpose funds continues to place considerable strain on UNODC programmes and programme support services, which are funded from declining multilateral core resources (general-purpose funds and the regular budget). Most voluntary contributions are tightly earmarked to specific projects and leave little operating flexibility to respond to complex programming and management challenges.

22. In view of these financial difficulties, the consolidated budget for the biennium 2010-2011 for UNODC, which was approved by the Commissions in December 2009, was a fiscally austere budget, based on the level of 2009 income. The cost-saving measures taken in 2009 will be maintained and extended through the biennium 2010-2011 unless general-purpose income returns to the level achieved in 2008 or if special-purpose contributions are secured for these specific purposes.

23. The Commission on Narcotic Drugs, in its resolution 52/13, the Commission on Crime Prevention and Criminal Justice, in its resolution 18/3, respectively, and the Economic and Social Council, in its decision 2009/251, established a standing open-ended intergovernmental working group to discuss and formulate recommendations on how to improve the governance structure and financial situation of UNODC. The working group was to submit its report and any recommendations to the Commission on Narcotic Drugs at its fifty-third session in March 2010 and to the Commission on Crime Prevention and Criminal Justice at its nineteenth session in May 2010.

Figure IV.2
Total income 2006-2007 and 2008-2009
(Thousands of United States dollars)



Chapter V

Financial statements for the biennium ended 31 December 2009

Abbreviations

AuSAID	Australian Agency for International Development
ESCAP	Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organization of the United Nations
ILO	International Labour Organization
IMO	International Maritime Organization
NATO	North Atlantic Treaty Organization
OPEC	Organization of Petroleum Exporting Countries
OSCE	Organization for Security and Cooperation in Europe
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDCP	United Nations International Drug Control Programme
UNDP	United Nations Development Programme
UNFIP	United Nations Funds for International Partnership
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNICRI	United Nations Interregional Crime and Justice Research Institute
UNLRC	United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean
UNMAS	United Nations Mine Action Service
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
WHO	World Health Organization

Statement I

Consolidated income, expenditure and changes in reserves and fund balances

(United States dollars)

	Reference	*General purpose*	*Special purpose*	*Programme support*	*Eliminations*	***Total 2008-2009***	*Total 2006-2007*
Income							
Voluntary contributions	Schedules 2 and 3	24 263 973	436 116 246			**460 380 219**	310 677 562
Funds received under inter-organization arrangements	Schedules 2 and 3		32 079 129		-872 049	**31 207 080**	16 788 662
Other/miscellaneous income							
Programme support income	Schedule 5			41 193 406	-41 193 406		
Interest income		749 290	12 077 833	350 689		**13 177 813**	14 943 834
Miscellaneous income		554 217	1 518 981	82 061		**2 155 259**	21 916 154
Total income		**25 567 480**	**481 792 190**	**41 626 156**	**-42 065 455**	**506 920 371**	**364 326 212**
Expenditure	Schedule 4						
Staff and other personnel costs		24 486 438	128 718 469	21 598 914		**174 803 821**	125 270 874
Travel		435 086	22 692 312	690 324		**23 817 722**	16 318 775
Contractual services		653 307	137 635 046	251 376	-307 294	**138 232 434**	52 309 298
Operating expenses	Note 3	1 243 917	27 335 826	2 530 012		**31 109 755**	16 065 375
Acquisitions		417 806	35 966 081	1 102 246		**37 486 133**	27 014 626
Other		50 114	48 472 249	169 821	-232 576	**48 459 607**	22 940 352
Programme support costs — implementing partners	Schedule 5		1 225 828			**1 225 828**	4 239 500
Total direct expenditure		**27 286 668**	**402 045 810**	**26 342 693**	**-539 871**	**455 135 300**	**264 158 800**
Programme support costs — UNODC	Schedule 5		41 193 406		-41 193 406		
Total expenditure		**27 286 668**	**443 239 216**	**26 342 693**	**-41 733 277**	**455 135 300**	**264 158 800**
Excess (shortfall) of income over expenditure		**-1 719 188**	**38 552 973**	**15 283 464**	**-332 178**	**51 785 071**	100 167 413
Prior period adjustments	Notes 3 and 4, Schedules 2 and 3	-5 229 646	-2 116 278	5 085 395		**-2 260 530**	25 259 981
Net changes in provisions and reserves		21 924	2 194 165			**2 216 089**	1 378 471
Net excess (shortfall) of income over expenditure		**-6 926 910**	**38 630 860**	**20 368 858**	**-332 178**	**51 740 630**	**126 805 865**
Transfers to (from) other funds	Schedules 2 and 3	5 393 835	-2 370 078	-3 023 757		**0**	-790 847
Refunds to donors			-1 603 226			**-1 603 226**	-1 720 836

	Reference	*General purpose*	*Special purpose*	*Programme support*	*Eliminations*	***Total 2008-2009***	*Total 2006-2007*
Other adjustments to reserves and fund balances	Note 6	-1 666 974	141 248	-3 062 237		**-4 587 962**	-1 380 405
Reserves and fund balances, beginning of period		20 104 067	232 478 320	1 200 031		**253 782 419**	130 868 643
Reserves and fund balances, end of period		**16 904 019**	**267 277 124**	**15 482 896**	**-332 178**	**299 331 861**	**253 782 418**

Statement II

Consolidated assets, liabilities, reserves and fund balances as at 31 December 2009

(United States dollars)

	Reference	*General purpose*	*Special purpose*	*Programme support*	*Eliminations*	***Total 2009***	*Total 2007*
Assets							
Cash and term deposits		2 893 431	19 389 692	7 285 333		**29 568 457**	18 153 246
Investments in offices away from Headquarters cash pool		19 199 597	195 039 301	31 584 642		**245 823 540**	195 722 095
Accounts receivable							
Voluntary contributions receivable	Schedules 2 and 3	231 704	128 088 559			**128 320 263**	157 434 265
Inter-fund balances receivable		7 961 078	88 604 722	5 453 588		**102 019 387**	84 243 968
Advances to implementing partners	Note 5		11 245 500		-332 178	**10 913 322**	8 125 582
Other receivable		127 236	1 445 449	217 460		**1 790 145**	581 339
Other assets	Note 2	144 685	2 336 554	56 210		**2 537 449**	
Total assets		**30 557 730**	**446 149 776**	**44 597 233**	**-332 178**	**520 972 562**	**464 260 496**
Liabilities							
Unliquidated obligations — current period		673 154	13 055 245	409 491		**14 137 890**	11 252 953
Unliquidated obligations — future periods	Note 2		2 050 670			**2 050 670**	
Accounts payable							
Inter-fund balances payable			83 143 671	21 604 032		**104 747 703**	84 404 819
Advances due to implementing partners	Note 5		1 318 558			**1 318 558**	1 457 770
Other payable		14 569	1 325 784	69 015		**1 409 368**	91 954
Deferred income	Schedules 2 and 3	50 000	72 762 285			**72 812 285**	91 802 770
End-of-service and post-retirement liabilities	Note 6	12 915 989	4 722 388	7 031 799		**24 670 176**	18 757 672
Total liabilities		**13 653 712**	**178 378 601**	**29 114 337**		**221 146 651**	**207 767 938**
Reserves and fund balances							
Reserves for allocations	Schedule 5		494 050			**494 050**	2 710 139
Fund balances		16 904 019	267 277 124	15 482 896	-332 178	**299 331 861**	253 782 418
Total reserves and fund balances		**16 904 019**	**267 771 174**	**15 482 896**	**-332 178**	**299 825 911**	**256 492 557**
Total liabilities and reserves and fund balances		**30 557 730**	**446 149 776**	**44 597 233**	**-332 178**	**520 972 562**	**464 260 496**

Statement III

Fund of the United Nations International Drug Control Programme: income, expenditure and changes in reserves and fund balances

(United States dollars)

	Reference	*General purpose*	*Special purpose*	*Programme support*	*Eliminations*	***Total 2008-2009***	*Total 2006-2007*
Income							
Voluntary contributions	Schedule 2	18 618 694	305 375 912			**323 994 606**	209 576 916
Funds received under inter-organization arrangements	Schedule 2		23 044 919			**23 044 919**	15 918 469
Other/miscellaneous income							
Programme support income	Schedule 5			30 236 058	-30 236 058		
Interest income		559 816	6 864 613	290 332		**7 714 762**	8 366 957
Miscellaneous income[a]		541 256	281 154	71 061		**893 471**	15 214 906
Total income		**19 719 766**	**335 566 598**	**30 597 452**	**-30 236 058**	**355 647 757**	**249 077 248**
Expenditure	Schedule 4						
Staff and other personnel costs		18 426 441	77 872 393	15 635 370		**111 934 204**	91 145 099
Travel		350 240	15 264 170	485 352		**16 099 762**	11 529 207
Contractual services		514 459	121 844 248	142 251		**122 500 958**	39 988 945
Operating expenses	Note 3	1 001 329	21 347 420	1 781 766		**24 130 515**	11 727 388
Acquisitions		412 100	24 350 740	856 624		**25 619 463**	18 853 861
Other		50 114	20 086 131	79 376		**20 215 622**	13 733 722
Programme support costs — implementing partners	Schedule 5		1 021 416			**1 021 416**	2 954 479
Total direct expenditure		**20 754 683**	**281 786 517**	**18 980 739**		**321 521 939**	**189 932 701**
Programme support costs — UNODC	Schedule 5		30 236 058		-30 236 058		
Total expenditure		**20 754 683**	**312 022 575**	**18 980 739**	**-30 236 058**	**321 521 939**	**189 932 701**
Excess (shortfall) of income over expenditure		**-1 034 917**	**23 544 023**	**11 616 712**	**-0**	**34 125 818**	**59 144 547**
Prior period adjustments	Notes 3 and 4, Schedule 2	-5 145 396	-2 022 574	5 085 395		**-2 082 575**	26 264 343
Net changes in provisions and reserves		21 924	1 244 411			**1 266 335**	-389 696
Net excess (shortfall) of income over expenditure		**-6 158 389**	**22 765 860**	**16 702 107**	**-0**	**33 309 578**	**85 019 194**
Transfers to (from) other funds[b]	Schedule 2	3 042 145	823 728	-3 370 887		**494 986**	-234 150

	Reference	General purpose	Special purpose	Programme support	Eliminations	**Total 2008-2009**	Total 2006-2007
Refunds to donors			-781 796			**-781 796**	-500 531
Other adjustments to reserves and fund balances	Note 6	1 419 130		-1 934 210		**-515 080**	602 270
Reserves and fund balances, beginning of period		16 336 893	130 379 698			**146 716 591**	61 829 808
Reserves and fund balances, end of period		**14 639 780**	**153 187 490**	**11 397 010**	**-0**	**179 224 279**	**146 716 591**

[a] Includes $522,321 savings on or cancellation of prior-period obligations.
[b] Includes $3,048,987 transfer of interest income from special-purpose to general-purpose funds.
The accompanying notes are an integral part of the financial statements.

Statement IV

Fund of the United Nations International Drug Control Programme assets, liabilities, reserves and fund balances as at 31 December 2009

(United States dollars)

	Reference	*General purpose*	*Special purpose*	*Programme support*	*Eliminations*	***Total 2009***	*Total 2007*
Assets							
Cash and term deposits[a]		2 893 431	19 125 001	7 285 333		**29 303 766**	17 158 403
Investments in offices away from Headquarters cash pool[b]		12 523 146	82 775 487	31 531 868		**126 830 502**	98 874 894
Accounts receivable							
Voluntary contributions receivable	Schedule 2	217 268	78 573 941			**78 791 209**	123 326 093
Inter-fund balances receivable		7 961 078	9 385 635			**17 346 713**	33 170 815
Advances to implementing partners	Note 5		9 772 165			**9 772 165**	7 317 703
Other receivable		127 236	1 117 363	186 768		**1 431 367**	
Other assets[c]	Note 2	61 779	1 584 193	56 210		**1 702 182**	436 630
Total assets		**23 783 939**	**202 333 786**	**39 060 179**		**265 177 904**	**280 284 537**
Liabilities							
Unliquidated obligations — current period		530 855	4 578 383	331 924		**5 441 163**	3 785 306
Unliquidated obligations — future periods	Note 3		1 412 511			**1 412 511**	
Accounts payable							
Inter-fund balances payable				21 604 032		**21 604 032**	31 744 758
Advances due to implementing partners	Note 5		1 318 558			**1 318 558**	1 278 894
Other payable		14 569	27 667			**42 236**	77 873
Deferred income	Schedule 2	50 000	38 801 958			**38 851 958**	79 244 645
End-of-service and post-retirement liabilities[d]	Note 6	8 548 735	2 547 777	5 727 212		**16 823 724**	15 710 691
Total liabilities		**9 144 159**	**48 686 853**	**27 663 169**		**85 494 182**	**131 842 168**
Reserves and fund balances							
Reserves for allocations	Schedule 5		459 443			**459 443**	1 725 778

	Reference	General purpose	Special purpose	Programme support	Eliminations	Total 2009	Total 2007
Fund balances		14 639 780	153 187 490	11 397 010		**179 224 279**	146 716 591
Total reserves and fund balances		**14 639 780**	**153 646 933**	**11 397 010**		**179 683 722**	**148 442 369**
Total liabilities and reserves and fund balances		**23 783 939**	**202 333 786**	**39 060 179**		**265 177 904**	**280 284 537**

[a] Represents interest-bearing bank deposits of $1,602,870 in UNODC headquarters bank accounts, interest-bearing deposits of $27,477,289 in UNODC field office local bank accounts, an imprest account of $166,370 maintained by ESCAP, and imprest account and petty cash in UNODC field offices of $57,438.

[b] Represents the Crime Programme Fund share of the United Nations offices away from headquarters cash pools. The share of the United States dollar offices away from Headquarters cash pool comprises cash and term deposits of $13,864,269, short-term investments of $10,694,925 (market value $10,753,556), long-term investments of $16,557,244 (market value $16,776,117) and accrued interest receivable of $220,201. The share of the Euro offices away from Headquarters cash pool comprises cash and term deposits of $85,440,159 (Euro 59,210,030), and accrued interest receivable of $53,705 (Euro 37,217).

[c] Includes $1,412,511 deferred charges for commitments against future financial periods and $282,493 deferred charges for education grant advances.

[d] Represents end-of-service liabilities of $6,431,724 (including $4,091,724 repatriation grant accruals) and accrued liabilities for after-service health insurance costs of $10,392,000 as at 31 December 2009.

The accompanying notes and schedules are an integral part of the financial statements.

Statement V

United Nations Crime Prevention and Criminal Justice Fund: income, expenditure and changes in reserves and fund balances

(United States dollars)

	Reference	*General purpose*	*Special purpose*	*Programme support*	*Eliminations*	***Total 2008-2009***	*Total 2006-2007*
Income							
Voluntary contributions	Schedule 3	5 645 279	130 740 334			**136 385 613**	101 100 646
Funds received under inter-organization arrangements[a]	Schedule 3		9 034 210		-872 049	**8 162 161**	870 193
Other/miscellaneous income							
Programme support income	Schedule 5			10 957 348	-10 957 348	**0**	
Interest income		189 474	5 213 220	60 357		**5 463 051**	6 576 878
Miscellaneous income[b]		12 961	1 237 827	11 000		**1 261 788**	6 701 248
Total income		**5 847 714**	**146 225 592**	**11 028 705**	**-11 829 397**	**151 272 614**	**115 248 965**
Expenditure	Schedule 4						
Staff and other personnel costs		6 059 997	50 846 076	5 963 544		**62 869 617**	34 125 775
Travel		84 846	7 428 142	204 971		**7 717 960**	4 789 568
Contractual services[a]		138 848	15 790 798	109 124	-307 294	**15 731 476**	12 320 353
Operating expenses	Note 3	242 587	5 988 406	748 246		**6 979 240**	4 337 987
Acquisitions		5 706	11 615 341	245 623		**11 866 670**	8 160 766
Other[a]			28 386 117	90 445	-232 576	**28 243 986**	9 206 630
Programme support costs — implementing partners	Schedule 5		204 412			**204 412**	1 285 021
Total direct expenditure		**6 531 985**	**120 259 293**	**7 361 954**	**-539 871**	**133 613 361**	**74 226 100**
Programme support costs — UNODC	Schedule 5		10 957 348		-10 957 348		
Total expenditure		**6 531 985**	**131 216 641**	**7 361 954**	**-11 497 219**	**133 613 361**	**74 226 100**
Excess (shortfall) of income over expenditure		**-684 271**	**15 008 950**	**3 666 751**	**-332 178**	**17 659 253**	**41 022 865**
Prior period adjustments	Note 4, Schedule 3	-84 250	-93 705			**-177 955**	-1 004 363
Net changes in provisions and reserves			949 754			**949 754**	1 768 167
Net excess (shortfall) of income over expenditure		**-768,521**	**15 864 999**	**3 666 751**	**-332 178**	**18 431 052**	**41 786 669**
Transfers from (to) other Funds[c]	Schedule 3	2 351 689	-3 193 806	347 130		**-494 986**	-556 697
Refunds to donors			-821 430			**-821 430**	-1 220 305
Other adjustments to reserves and fund balances	Note 6	-3 086 104	141 248	-1 128 027		**-4 072 882**	-1 982 675

	Reference	*General purpose*	*Special purpose*	*Programme support*	*Eliminations*	***Total 2008-2009***	*Total 2006-2007*
Reserves and fund balances, beginning of period	Note 3	3 767 174	102 098 622	1 200 031		**107 065 827**	69 038 835
Reserves and fund balances, end of period		**2 264 239**	**114 089 634**	**4 085 886**	**-332 178**	**120 107 581**	**107 065 827**

[a] Includes eliminations for internal transactions between Crime Programme Funds for UNODC and the Crime Programme Fund Sub-Account for UNICRI.

[b] Includes $297,031 savings on or cancellation of prior-period obligations and $872,182 income for services rendered.

[c] Includes $2,479,730 transfer of interest income from special-purpose to general-purpose funds.

The accompanying notes are an integral part of the financial statements.

Statement VI

United Nations Crime Prevention and Criminal Justice Fund: assets, liabilities, reserves and fund balances as at 31 December 2009

(United States dollars)

	Reference	*General purpose*	*Special purpose*	*Programme support*	*Eliminations*	***Total 2009***	*Total 2007*
Assets							
Cash and term deposits[a]			264 690			**264 690**	994 843
Investments in offices away from Headquarters cash pool[b]		6 676 451	112 263 813	52 774		**118 993 038**	96 847 201
Accounts receivable							
Voluntary contributions receivable	Schedule 3	14 435	49 514 618			**49 529 053**	34 108 172
Inter-fund balances receivable[c]			79 219 087	5 453 588		**84 672 675**	51 073 153
Advances to implementing partners[c]	Note 5		1 473 334		-332 178	**1 141 157**	807 879
Other receivable			328 086	30 693		**358 778**	144 709
Other assets[d]	Note 2	82 905	752 361			**835 266**	
Total assets		**6 773 791**	**243 815 990**	**5 537 055**	**-332 178**	**255 794 658**	**183 975 959**
Liabilities							
Unliquidated obligations — current period		142 299	8 476 862	77 566		**8 696 727**	7 467 646
Unliquidated obligations — future periods	Note 3		638 159			**638 159**	
Accounts payable							
Inter-fund balances payable			83 143 671			**83 143 671**	52 660 061
Advances due to implementing partners							178 876
Other payable[f]			1 298 117	69 015		**1 367 132**	14 081
Deferred income[c]	Schedule 3		33 960 327			**33 960 327**	12 558 124
End-of-service and post-retirement liabilities[e]	Note 6	4 367 253	2 174 611	1 304 587		**7 846 452**	3 046 982
Total liabilities		**4 509 552**	**129 691 748**	**1 451 168**	**0**	**135 652 468**	**75 925 771**
Reserves and fund balances							
Reserves for allocations			34 607			**34 607**	984 361

	Reference	General purpose	Special purpose	Programme support	Eliminations	Total 2009	Total 2007
Fund balances		2 264 239	114 089 634	4 085 886	-332 178	**120 107 581**	107 065 827
Total reserves and fund balances		**2 264 239**	**114 124 241**	**4 085 886**	**-332 178**	**120 142 189**	**108 050 188**
Total liabilities, reserves and fund balances		**6 773 791**	**243 815 990**	**5 537 055**	**-332 178**	**255 794 658**	**183 975 959**

[a] Represents interest-bearing bank deposits of $153,828 in United Nations Office at Vienna-UNICRI call account, interest-bearing deposits of $67,017 in the UNICRI Euro local bank account, interest-bearing deposits of $38,518 in the UNICRI United States dollar local bank account and $5,328 petty cash in UNODC field offices.

[b] Represents the Crime Programme Fund share of the United Nations offices away from headquarters cash pools. The share of the United States dollar offices away from headquarters cash pool comprises cash and term deposits of $31,627,572, short-term investments of $24,397,574 (market value $24,531,323), long-term investments of $37,770,864 (market value $38,270,164) and accrued interest receivable of $502,328. The share of the Euro offices away from headquarters cash pool comprises cash and term deposits of $24,679,188 (Euro 17,102,677), and accrued interest receivable of $15,513 (Euro 10,750).

[c] Includes eliminations for internal transactions between Crime Programme Funds for UNODC and the Crime Programme Fund Sub-Account for UNICRI.

[d] Includes $638,159 deferred charges for commitments against future financial periods and $197,095 deferred charges for education grant advances.

[e] Represents end-of-service liabilities of $3,762,452 (including $1,218,415 repatriation grant accruals) and accrued liabilities for after-service health insurance costs of $4,084,000 as at 31 December 2009.

[f] Includes $1,175,301.20 for the Trust Fund to Support Initiatives of States Countering Piracy of the Coast of Somalia (established in 2010).

The accompanying notes and schedules are an integral part of the financial statements.

Statement VII
Consolidated cash flows

(United States dollars)

	Drug Programme general purpose	*Drug Programme special purpose*	*Drug Programme programme support*	*Crime Programme general purpose*	*Crime Programme special purpose*	*Crime Programme programme support*	*Total general purpose*	*Total special purpose*	*Total programme support*	*2008-2009 total*
Cash flows from operating activities										
Excess (shortfall) of income over expenditure	(1 034 917)	23 544 023	11 616 712	(684 271)	15 008 950	3 666 751	(1 719 188)	38 552 973	15 283 464	52 117 249
(Increase) decrease in voluntary contributions receivable	406 020	44 128 864	—	21 254	(15 442 134)	—	427 273	28 686 730	—	29 114 004
(Increase) decrease in inter-fund balances receivable	25 209 737	(9 385 635)	—	—	(29 916 554)	(3 682 968)	25 209 737	(39 302 189)	(3 682 968)	(17 775 419)
(Increase) decrease in advances to implementing partners	—	(2 454 462)	—	—	(665 455)	—	—	(3 119 918)	—	(3 119 918)
(Increase) decrease in other receivable	(16 218)	(791 751)	(186 768)	—	(183 377)	(30 693)	(16 218)	(975 128)	(217 460)	(1 208 806)
(Increase) decrease in other assets	(61 779)	(1 584 193)	(56 210)	(82 905)	(752 361)	—	(144 685)	(2 336 554)	(56 210)	(2 537 449)
Increase (decrease) in unliquidated obligations — current period	(254 023)	1 577 955	331 924	131 098	1 161 479	(63 496)	(122 925)	2 739 434	268 429	2 884 938
Increase (decrease) in unliquidated obligations — future periods		1 412 511	—	—	638 159	—		2 050 670	—	2 050 670
Increase (decrease) in inter-fund balances payable	(31 744 758)	—	21 604 032	—	30 483 610	—	(31 744 758)	30 483 610	21 604 032	20 342 884
Increase (decrease) in advances due to implementing partners	—	39 664	—	—	(178 876)	—	—	(139 212)	—	(139 212)
Increase (decrease) in other payable	(15 850)	(19 787)	—	—	1 284 036	69 015	(15 850)	1 264 249	69 015	1 317 414

	Drug Programme general purpose	*Drug Programme special purpose*	*Drug Programme programme support*	*Crime Programme general purpose*	*Crime Programme special purpose*	*Crime Programme programme support*	*Total general purpose*	*Total special purpose*	*Total programme support*	*2008-2009 total*
Increase (decrease) in deferred income	(155 333)	(40 237 354)	—	—	21 402 203	—	(155 333)	(18 835 151)	—	(18 990 484)
Increase (decrease) in end-of-service and post-retirement liabilities	(5 182 373)	568 194	5 727 212	3 370 921	553 488	875 060	(1 811 451)	1 121 682	6 602 272	5 912 503
Net cash flows from operating activities	**(12 849 494)**	**16 798 029**	**39 036 903**	**2 756 097**	**23 393 169**	**833 670**	**(10 093 397)**	**40 191 197**	**39 870 574**	**69 968 374**
Cash flows from investing activities										
(Increase) decrease in investments in offices away from Headquarters cash pool	12 146 041	(8 569 781)	(31 531 868)	(1 937 433)	(20 155 630)	(52 774)	10 208 608	(28 725 411)	(31 584 642)	(50 101 445)
Net cash flows from investing activities	**12 146 041**	**(8 569 781)**	**(31 531 868)**	**(1 937 433)**	**(20 155 630)**	**(52 774)**	**10 208 608**	**(28 725 411)**	**(31 584 642)**	**(50 101 445)**
Cash flows from financing activities										
Net changes in provisions	21 924	1 244 411	—	—	949 754	—	21 924	2 194 165	—	2 216 089
Transfers from (to) other funds	3 042 145	823 728	(3 370 887)	2 351 689	(3 193 806)	347 130	5 393 835	(2 370 078)	(3 023 757)	—
Refunds to donors	—	(781 796)	—	—	(821 430)	—	—	(1 603 226)	—	(1 603 226)
Other adjustments in reserves and fund balances	(3 726 266)	(2 022 574)	3 151 185	(3 170 354)	47 544	(1 128 027)	(6 896 620)	(1 975 030)	2 023 158	(6 848 492)
Changes in reserves for allocations	(21 924)	(1 244 411)	—	—	(949 754)	—	(21 924)	(2 194 165)	—	(2 216 089)
Net cash flows from financing activities	**(684 121)**	**(1 980 642)**	**(219 702)**	**(818 664)**	**(3 967 692)**	**(780 896)**	**(1 502 785)**	**(5 948 334)**	**(1 000 599)**	**(8 451 718)**
Net increase (decrease) in cash	(1 387 574)	6 247 606	7 285 333	0	(730 153)	(0)	(1 387 574)	5 517 452	7 285 333	11 415 211
Cash and term deposits, beginning of period	4 281 004	12 877 398	—	—	994 843	—	4 281 004	13 872 241	—	18 153 246
Cash and term deposits, end of period	**2 893 431**	**19 125 001**	**7 285 333**	**0**	**264 690**	**(0)**	**2 893 431**	**19 389 690**	**7 285 333**	**29 568 457**

Schedule 1

Consolidated summary and ageing schedules of pledges and contributions as at 31 December 2009

(United States dollars)

		Income from pledges for 2008-2009							
	Unpaid pledges as at 1 January 2008	*General purpose*	*Special purpose*	*Total*	*Pledges for future years*	*Adjustments*	*Collections*	*Revaluation (losses) gains*	*Unpaid pledges as at 31 December 2009*
Donor	*a*	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f-g+h*
A. Voluntary contributions from Member States									
Drug Programme	67 915 233	18 609 258	129 100 505	147 709 763	16 316 263	(38 317 812)	147 589 137	(2 340 174)	43 694 136
Crime Programme	29 265 233	5 645 263	87 283 066	92 928 329	24 050 326	(10 378 173)	98 490 416	626 944	38 002 242
Total A	**97 180 465**	**24 254 521**	**216 383 571**	**240 638 092**	**40 366 589**	**(48 695 985)**	**246 079 553**	**(1 713 230)**	**81 696 378**
B. Voluntary cost-sharing contributions from Member States									
Drug Programme	29 503 783	—	154 298 417	154 298 417	4 378 150	(27 055 768)	148 348 514	3 236 969	16 013 037
Crime Programme	3 265 217	—	1 979 074	1 979 074	3 169 824	(1 709 000)	3 417 205	(16 874)	3 271 037
Total B	**32 769 000**	**—**	**156 277 491**	**156 277 491**	**7 547 974**	**(28 764 768)**	**151 765 719**	**3 220 095**	**19 284 074**
C. Voluntary contributions from other Government organizations									
Drug Programme	6 250 382	—	20 741 659	20 741 659	1 000 000	413 574	21 467 930	4 916	6 942 601
Crime Programme	826 050	—	38 490 423	38 490 423	—	(97 890)	38 731 517	89 988	577 055
Total C	**7 076 432**	**—**	**59 232 082**	**59 232 082**	**1 000 000**	**315 684**	**60 199 447**	**94 904**	**7 519 656**
D. Voluntary contributions from public donations									
Drug Programme	11 766	9 435	1 235 332	1 244 767	690 446	1 108 614	1 344 527	(9 158)	1 701 908
Crime Programme	657 273	16	2 987 771	2 987 786	1 151 088	(628 065)	2 874 022	65 106	1 359 166
Total D	**669 039**	**9 451**	**4 223 103**	**4 232 553**	**1 841 534**	**480 549**	**4 218 549**	**55 948**	**3 061 074**
Total Voluntary contributions									
Drug Programme	103 681 164	18 618 693	305 375 913	323 994 606	22 384 859	(63 851 392)	318 750 108	892 553	68 351 681
Crime Programme	34 013 773	5 645 279	130 740 334	136 385 613	28 371 238	(12 813 129)	143 513 159	765 164	43 209 501
Total A + B + C + D	**137 694 936**	**24 263 973**	**436 116 246**	**460 380 219**	**50 756 097**	**(76 664 521)**	**462 263 267**	**1 657 717**	**111 561 181**

Donor	Unpaid pledges as at 1 January 2008	Income from pledges for 2008-2009			Pledges for future years	Adjustments	Collections	Revaluation (losses) gains	Unpaid pledges as at 31 December 2009
		General purpose	Special purpose	Total					
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f-g+h*
E. Funds received under inter-organization arrangements									
Drug Programme	19 644 929	—	23 044 919	23 044 919	16 467 100	(16 675 842)	31 660 923	(380 655)	10 439 528
Crime Programme	94 400	—	8 162 161	8 162 161	5 589 089	(438 342)	7 089 636	1 876	6 319 549
Total E	**19 739 329**	**—**	**31 207 080**	**31 207 080**	**22 056 189**	**(17 114 184)**	**38 750 559**	**(378 779)**	**16 759 076**
Grand Total									
Drug Programme	123 326 093	18 618 693	328 420 832	347 039 525	38 851 959	(80 527 234)	350 411 031	511 898	78 791 210
Crime Programme	34 108 172	5 645 279	138 902 495	144 547 775	33 960 327	(13 251 471)	150 602 796	767 040	49 529 049
Grand total A+ B + C + D + E	**157 434 265**	**24 263 972**	**467 323 328**	**491 587 300**	**72 812 285**	**(93 778 705)**	**501 013 827**	**1 278 938**	**128 320 262**

	Ageing of unpaid pledges as at 31 December 2009				
Ageing of unpaid pledges as at 31 December 2009	*0 to 6 Months*	*7-12 Months*	*13-24 Months*	*> 24 Months*	*Total*
A. Voluntary contributions from Member States					
Drug Programme	28 352 688	5 135 897	8 991 486	1 214 064	43 694 134
Crime Programme	29 465 136	2 505 675	1 327 819	4 701 612	38 000 242
B. Voluntary cost-sharing contributions from Member States					
Drug Programme	7 865 965	1 977 205	5 531 656	638 214	16 013 039
Crime Programme	1 716 045	—	—	1 556 991	3 273 036
C. Voluntary contributions from other Government organizations					
Drug Programme	1 595 816	1 000 000	3 055 506	1 303 047	6 954 368
Crime Programme	421 109	—	5 251	150 695	577 055
D. Voluntary contributions from public donations					
Drug Programme	690 446	—	—	999 696	1 690 141
Crime Programme	291 486	966 707	100 974	—	1 359 167
Total voluntary contributions					
Drug Programme	38 504 915	8 113 102	17 578 647	4 155 020	68 351 683
Crime Programme	31 893 776	3 472 382	1 434 045	6 409 299	43 209 502
Total A + B + C + D	**70 398 691**	**11 585 484**	**19 012 692**	**10 564 319**	**111 561 185**
E. Funds received under inter-organization arrangements					
Drug Programme	8 132 382	2 187 144	—	120 000	10 439 527
Crime Programme	5 407 463	257 139	654 947	—	6 319 549
Grand total					
Drug Programme	46 637 296	10 300 246	17 578 647	4 275 020	78 791 209
Crime Programme	37 301 239	3 729 521	2 088 992	6 409 299	49 529 051
Grand total A+ B + C + D + E	**83 938 535**	**14 029 767**	**19 667 639**	**10 684 319**	**128 320 262**

Schedule 2

Fund of the United Nations International Drug Control Programme: schedule of contributions and pledges as at 31 December 2009

(United States dollars)

Donor	Unpaid pledges as at 1 January 2008	Income from pledges in 2008-2009: General purpose	Special purpose	Total 2008-2009	Pledges for future years	Adjustments		Collections	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2009
	a	*b*	*c*	*d=b+c*	*e*	*f*		*g*	*h*	*i=a+d+e+f-g+h*
A. Voluntary contributions from Member States										
Algeria	10 000	20 000	—	20 000	—	(10 000)	[a]	10 000	—	10 000
Australia	2 584 220	791 487	3 930 344	4 721 831	—	(619 900)	[b, e]	4 375 272	318 404	2 629 283
Austria	—	133 674	1 177 271	1 310 945	—	—		1 296 841	(14 104)	—
Bahamas	—	1 000	—	1 000	—	—		1 000	—	—
Bangladesh	—	3 000	—	3 000	—	—		2 000	—	1 000
Belgium	15 259	249 466	778 817	1 028 283	—	(15 258)	[b]	804 550	(86 648)	137 086
Bolivia (Plurinational State of)	—	5 000	10 093	15 093	—	—		15 000	(93)	—
Brazil	—	—	50 633	50 633	—	—		50 633	—	—
Cambodia	—	—	12 000	12 000	—	—		12 000	—	—
Cameroon	—	1 129	—	1 129	—	—		1 129	—	—
Canada	13 751 274	1 142 655	18 001 155	19 143 810	7 612 326	(8 517 161)	[a, c]	19 277 083	(533 887)	12 179 279
China	13 932	268 581	220 000	488 581	—	—		501 880	(633)	—
Colombia	—	49 333	—	49 333	—	(9 333)	[a]	40 000	—	—
Croatia	6 000	13 000	—	13 000	—	(6 000)	[a]	13 000	—	—
Czech Republic	—	94 887	232 330	327 217	—	—		310 157	(17 060)	—
Denmark	—	—	462 000	462 000	100 000	—		100 000	—	462 000
Ecuador	—	—	20 000	20 000	—	—		20 000	—	—
Egypt	—	1 000	—	1 000	—	—		1 000	—	—
Finland	3 571 429	1 191 969	3 991 827	5 183 796	—	(3 213 011)	[a]	5 061 943	(191 670)	288 601
France	36 443	1 271 206	3 793 659	5 064 865	31 153	108 108	[c]	5 184 498	(19 995)	36 076
Germany	1 444 141	1 725 992	8 304 887	10 030 879	2 129 496	(1 193 453)	[a, c]	10 232 622	(42 798)	2 135 643
Greece	—	40 000	—	40 000	—	—		40 000	—	—
Hungary	—	99 289	—	99 289	—	—		95 475	(3 814)	—
India	60 000	200 000	731 790	931 790	—	(360 000)	[a, c]	538 787	(11 323)	81 680

Donor	Unpaid pledges as at 1 January 2008	Income from pledges in 2008-2009: General purpose	Special purpose	Total 2008-2009	Pledges for future years	Adjustments		Collections	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2009
	a	*b*	*c*	*d=b+c*	*e*	*f*		*g*	*h*	*i=a+d+e+f-g+h*
Ireland	—	269 542	657 160	926 702	—	—		924 481	(2 221)	—
Israel	—	40 000	—	40 000	—	—		40 000	—	—
Italy	1 959 562	1 063 516	6 265 120	7 328 636	240 000	(1 031 531)	[a]	7 026 459	(368 307)	1 101 901
Japan	—	1 476 263	4 721 611	6 197 874	—	—		6 197 874	—	—
Kazakhstan	25 000	—	50 000	50 000	—	—		50 231	231	25 000
Kuwait	5 000	10 000	—	10 000	—	(5 000)	[a]	5 000	—	5 000
Lao People's Democratic Republic	1 000	1 000	—	1 000	—	—		—	—	2 000
Liechtenstein	400 000	—	200 000	200 000	—	(300 000)	[a, b]	300 000	—	—
Luxembourg	594 752	288 962	1 608 286	1 897 248	—	—		1 744 026	52 926	800 900
Madagascar	1 000	—	—	—	—	—		—	—	1 000
Malaysia	—	—	9 500	9 500	—	—		9 500	—	—
Malta	—	—	—	—	—	—		—	—	—
Mexico	—	100 000	500 000	600 000	—	—		600 000	—	—
Monaco	—	23 109	—	23 109	—	—		22 204	(905)	—
Morocco	—	9 000	—	9 000	—	—		9 000	—	—
Netherlands	22 398 638	—	15 318 953	15 318 953	3 289 474	(17 422 368)	[a, c]	17 033 052	77 143	6 628 788
New Zealand	—	—	57 715	57 715	—	—		57 715	—	—
Nigeria	123 550	—	—	—	—	—		—	—	123 550
Norway	—	2 097 486	6 294 668	8 392 154	1 417 350	—		8 414 904	43 875	1 438 475
Pakistan	—	996	—	996	—	—		996	—	—
Panama	—	6 000	—	6 000	—	—		6 000	—	—
Poland	—	—	—	—	—	—		—	—	—
Portugal	—	25 000	—	25 000	—	—		25 000	—	—
Republic of Korea	—	200 000	100 000	300 000	—	—		300 000	—	—
Romania	—	20 000	—	20 000	—	—		20 000	—	—
Russian Federation	—	150 000	850 000	1 000 000	—	—		1 000 000	—	—
Saudi Arabia	—	50 000	—	50 000	50 000	(50 000)		50 000	—	—
Singapore	10 000	10 000	—	10 000	—	(5 000)	[a]	10 000	—	5 000
Slovenia	14 577	20 483	—	20 483	—	—		35 060	—	—

Donor	Unpaid pledges as at 1 January 2008	Income from pledges in 2008-2009: General purpose	Special purpose	Total 2008-2009	Pledges for future years	Adjustments		Collections	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2009
	a	*b*	*c*	*d=b+c*	*e*	*f*		*g*	*h*	*i=a+d+e+f-g+h*
South Africa	—	3 298	—	3 298	—	—		—	35	3 333
Spain	—	368 401	1 115 357	1 483 758	—	—		1 485 539	1 781	—
Sri Lanka	—	10 000	—	10 000	—	—		10 000	—	—
Sweden	3 852 080	1 961 112	17 693 823	19 654 935	1 412 873	(3 924 647)	[a]	18 407 038	(1 332 973)	1 255 230
Switzerland	—	68 807	380 125	448 932	33 591	—		456 212	2 549	28 860
Thailand	30 000	50 000	70 000	120 000	—	(30 000)	[a]	120 000	—	—
Tunisia	—	1 615	—	1 615	—	—		1 560	(55)	—
Turkey	—	400 000	600 000	1 000 000	—	—		1 000 000	—	—
United Arab Emirates	—	—	231 275	231 275	—	—		231 275	—	—
United Kingdom of Great Britain and Northern Ireland	1 194 859	—	5 923 834	5 923 834	—	(613 258)	[a, b, c]	5 494 077	(210 632)	800 726
United States of America	15 812 517	2 572 000	24 716 272	27 288 272	—	(1 100 000)	[a, c]	28 487 064	—	13 513 725
Venezuela (Bolivarian Republic of)	—	10 000	—	10 000	—	—		10 000	—	—
Viet Nam	—	—	20 000	20 000	—	—		20 000	—	—
Total A	**67 915 233**	**18 609 258**	**129 100 505**	**147 709 763**	**16 316 263**	**(38 317 812)**		**147 589 137**	**(2 340 174)**	**43 694 136**
B. Voluntary cost-sharing contributions from Member States										
Bahrain	267 742	—	—	—	—	(267 742)	[c]	—	—	—
Bolivia (Plurinational State of)	491 407	—	—	—	—	—		91 763	1 012	400 656
Brazil	19 054 111	—	40 591 262	40 591 262	2 055 500	(20 646 762)	[a]	31 412 429	—	9 641 682
Colombia	2 235 624	—	105 318 548	105 318 548	—	—		109 355 088	3 171 315	1 370 399
Ecuador	—	—	89 909	89 909	—	—		89 909	—	—
Libyan Arab Jamahiriya	—	—	1 970 694	1 970 694	—	—		1 970 694	—	—
Mexico	1 108 614	—	—	—	—	(1 108 614)	[d]	—	—	—
Peru	1 063 635	—	3 618 004	3 618 004	—	—		4 328 631	64 642	417 650
Qatar	5 282 650	—	2 710 000	2 710 000	2 322 650	(5 032 650)	[a]	1 100 000	—	4 182 650
Total B	**29 503 783**	**—**	**154 298 417**	**154 298 417**	**4 378 150**	**(27 055 768)**		**148 348 514**	**3 236 969**	**16 013 037**

Donor	Unpaid pledges as at 1 January 2008	Income from pledges in 2008-2009: General purpose	Special purpose	Total 2008-2009	Pledges for future years	Adjustments		Collections	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2009
	a	*b*	*c*	*d=b+c*	*e*	*f*		*g*	*h*	*i=a+d+e+f-g+h*
C. Voluntary contributions from other Government organizations										
European Commission	—	—	12 516 011	12 516 011	—	446 060	[c]	12 962 071	—	—
Inter-American Development Bank	1 430 000	—	—	—	—	—		244 839	—	1 185 161
International Organization for Migration	11 766	—	—	—	—	—		—	(119)	11 647
NATO Russia Council	7 500	—	820 000	820 000	—	(7 500)	[e]	820 000	—	—
Organization of American States	—	—	110 000	110 000	—	—		111 988	1 988	—
OPEC	1 063 188	—	2 000 000	2 000 000	1 000 000	—		2 053 376	(9 812)	2 000 000
OSCE	—	—	—	—	—	—		—	—	—
USAID	3 659 694	—	4 550 879	4 550 879	—	(24 986)		5 036 703	12 859	3 161 743
World Bank	90 000	—	744 769	744 769	—	—		238 953	—	595 816
Total C	**6 262 148**	**—**	**20 741 659**	**20 741 659**	**1 000 000**	**413 574**		**21 467 930**	**4 916**	**6 954 367**
D. Voluntary contributions from public donations										
Administracion Nacional de Combustibles Alcohol y Portlana (ANCAP)	—	—	30 000	30 000	—	—		28 731	(1 269)	—
Administracion Nacional de Telecomunicaciones de Uruguay (ANTEL)	—	—	30 000	30 000	—	—		29 103	(897)	—
Anglogold Ashanti Colombia	—	—	95 000	95 000	—	—		95 000	—	—
Banco de Prevision Social	—	—	30 000	30 000	—	—		28 573	(1 427)	—
Caixa Seguros	—	—	11 696	11 696	—	—		11 696	—	—
COPARMEX, Nuevo Leon	—	—	—	—	—	1 108 614	[d]	108 918	—	999 696
Drug Abuse Prevention Centre (DAPC)	—	—	340 491	340 491	—	—		332 968	(7 523)	—
Drosos Foundation	—	—	310 000	310 000	690 446	—		310 000	—	690 446
Global Network of People	—	—	52 316	52 316	—	—		52 316	—	—
Khmer HIV/AIDS NGO Alliance (KHANA)	—	—	7 900	7 900	—	—		7 900	—	—
Korea University and KYMNA	—	8 703	—	8 703	—	—		8 703	—	—

Donor	Unpaid pledges as at 1 January 2008	Income from pledges in 2008-2009: General purpose	Special purpose	Total 2008-2009	Pledges for future years	Adjustments		Collections	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2009
	a	*b*	*c*	*d=b+c*	*e*	*f*		*g*	*h*	*i=a+d+e+f-g+h*
Senlis Council	—	—	150 000	150 000	—	—		150 000	—	—
Usinas y Trasmisiones Electricas	—	—	30 000	30 000	—	—		28 758	(1 242)	—
Veolia Foundation	—	—	147 929	147 929	—	—		151 129	3 200	—
Various public donations	—	732	—	732	—	—		732	—	—
Total D	**—**	**9 435**	**1 235 332**	**1 244 767**	**690 446**	**1 108 614**		**1 344 527**	**(9 158)**	**1 690 142**
Total voluntary contributions										
Total A + B + C + D	**103 681 164**	**18 618 694**	**305 375 912**	**323 994 606**	**22 384 859**	**(63 851 392)**		**318 750 108**	**892 553**	**68 351 682**
E. Funds received under inter-organization arrangements										
Human Security Trust Fund	1 353 564	—	—	—	—	—		1 353 564	—	—
UNAIDS	17 600 296	—	15 592 728	15 592 728	14 168 162	(16 668 481)	[a]	23 025 976	(431 791)	7 234 938
One UN — Mozambique	—	—	100 000	100 000	—	—		100 000	—	—
One UN — Viet Nam	—	—	1 935 619	1 935 619	575 480	—		2 354 997	—	156 102
UNMAS	—	—	464 200	464 200	232 100	—		348 150	—	348 150
UNDP	304 361	—	3 669 770	3 669 770	261 530	(7 361)	[c]	2 228 538	51 136	2 050 898
UNDP-Spain MDG Fund	—	—	121 852	121 852	872 788	—		458 663	—	535 977
UNOPS	386 708	—	1 160 750	1 160 750	357 040	—		1 791 035	—	113 463
Total E	**19 644 929**	**—**	**23 044 919**	**23 044 919**	**16 467 100**	**(16 675 842)**		**31 660 923**	**(380 655)**	**10 439 528**
Grand total A+B+C+D+E	**123 326 093**	**18 618 693**	**328 420 832**	**347 039 525**	**38 851 958**	**(80 527 234)**		**350 411 031**	**511 898**	**78 791 209**

[a] Accounting adjustments pertaining to pledges for the biennium 2008-2009 and were recorded in prior period.
[b] Transfer to Crime Programme Fund.
[c] Transfer from Crime Programme Fund.
[d] Reclassification of pledge from Government cost-sharing to public donations.
[e] Pledges written off.

Schedule 3

United Nations Crime Prevention and Criminal Justice Fund: schedule of contributions and pledges as at 31 December 2009

(United States dollars)

Donor	Unpaid pledges as at 1 January 2008	Income from pledges for 2008-2009			Pledges for future years	Adjustments	Collections	Revaluation (losses) gains	Unpaid pledges as at 31 December 2009
		General purpose	Special purpose	Total					
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f-g+h*
A. Voluntary contributions from Member States									
Australia	60 000	—	2 443 076	2 443 076	6 226 314	(60 000)[a,b]	1 690 950	1 257 492	8 235 932
Austria	790 087	133 674	2 671 564	2 805 238	—	(756 356)[b]	2 744 228	(65 882)	28 860
Belarus	—	—	—	—	—	—	—	—	—
Belgium	90 000	288 231	819 272	1 107 503	74 365	—	731 126	(57 695)	483 048
Bolivia (Plurinational State of)	1 000	—	—	—	—	—	1 000	—	—
Brazil	—	—	—	—	—	—	—	—	—
Cameroon	—	—	—	—	—	—	—	—	—
Canada	7 147 261	379 946	15 355 771	15 735 716	3 973 218	(4 212 553)[a,b,d]	15 327 657	(184 586)	7 131 400
Cape Verde	5 132 705	—	—	—	—	—	2 798 222	(98 784)	2 235 699
Chile	—	20 000	6 000	26 000	—	—	26 000	—	—
Colombia	—	—	70 667	70 667	—	—	70 667	—	—
Croatia	—	13 000	—	13 000	—	—	13 000	—	—
Denmark	—	1 925 036	1 387 951	3 312 987	3 184 604	—	3 225 009	(126 951)	3 145 631
Finland	58 309	—	565 497	565 497	702 247	(51 881)[b]	585 434	32 762	721 501
France	—	—	2 168 086	2 168 086	—	(48 328)[a]	2 135 516	15 758	—
Germany	1 508 229	—	12 322 377	12 322 377	—	(1 770 589)[a,d]	11 973 430	79 304	165 891
Greece	—	—	1 136 890	1 136 890	—	—	1 141 639	4 749	—
Hungary	31 632	—	—	—	—	(2 056)[d]	—	(717)	28 859
India	—	6 000	75 504	81 504	—	—	79 330	(2 174)	—
Indonesia	5 637	—	—	—	—	(5 637)	—	—	—
Ireland	—	402 168	350 404	752 572	—	—	745 686	(6 886)	—
Israel	—	—	20 000	20 000	—	—	20 000	—	—
Italy	2 848 745	709 010	9 555 717	10 264 728	230 365	(903 973)[b]	12 209 955	23 775	253 685
Japan	34 985	20 000	945 983	965 983	—	—	893 838	2 869	110 000

Donor	Unpaid pledges as at 1 January 2008	Income from pledges for 2008-2009			Pledges for future years	Adjustments	Collections	Revaluation (losses) gains	Unpaid pledges as at 31 December 2009
		General purpose	Special purpose	Total					
	a	b	c	d=b+c	e	f	g	h	i=a+d+e+f-g+h
Libyan Arab Jamahiriya	864 955	—	1 500 000	1 500 000	3 000 000	—	1 500 000	—	3 864 955
Liechtenstein	50 000	—	100 000	100 000	—	—[a,b]	150 000	—	—
Lithuania	—	—	145 190	145 190	—	—	152 642	7 451	—
Luxembourg	—	—	979 371	979 371	500 000	—	978 047	(1 324)	500 000
Madagascar	1 000	—	—	—	—	—	—	—	1 000
Maldives	—	—	31 794	31 794	—	—	31 794	—	—
Monaco	60 000	—	125 616	125 616	160 000	(60 000)[b]	125 227	(389)	160 000
Morocco	—	4 000	—	4 000	—	—	4 000	—	—
Netherlands	691 047	340 000	2 890 063	3 230 063	3 060 153	(178 025)[b,d]	3 541 736	(618)	3 260 884
New Zealand	—	—	184 098	184 098	—	—	184 798	700	—
Norway	—	896 791	6 589 415	7 486 205	1 606 819	—	7 447 192	213 266	1 859 099
Panama	—	—	400 000	400 000	—	—	400 000	—	—
Peru	—	—	90 661	90 661	—	—	84 218	(6 442)	—
Poland	—	—	253 166	253 166	—	—	251 422	(1 744)	—
Portugal	—	—	370 651	370 651	105 402	—	364 592	32 840	144 300
Republic of Korea	500 000	57 200	370 000	427 200	450 000	(304 250)[b,c]	622 950	—	450 000
Romania	—	—	70 000	70 000	—	—	70 000	—	—
Spain	—	—	1 683 100	1 683 100	—	—	1 698 579	15 478	—
Sweden	—	449 080	7 802 380	8 251 460	—	—	8 093 812	(157 648)	—
Switzerland	396 850	—	1 086 318	1 086 318	633 160	(133 490)[b,d]	1 630 809	(2 028)	350 000
Tanzania (United Republic of)	—	—	12 420	12 420	—	—	12 400	(20)	—
Tunisia	3 689	1 128	—	1 128	—	—	1 527	146	3 436
Turkey	50 000	—	290 000	290 000	—	(50 000)[d]	290 000	—	—
United Arab Emirates	5 000 000	—	1 370 000	1 370 000	—	(1 370 000)[b]	3 630 000	—	1 370 000
United Kingdom of Great Britain and Northern Ireland	914 752	—	4 307 319	4 307 319	143 678	(471 036)[b]	4 345 641	(345 760)	203 312
United States of America	3 022 350	—	6 736 744	6 736 744	—	—	6 466 344	—	3 292 751

Donor	Unpaid pledges as at 1 January 2008	Income from pledges for 2008-2009			Pledges for future years	Adjustments	Collections	Revaluation (losses) gains	Unpaid pledges as at 31 December 2009
		General purpose	Special purpose	Total					
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f-g+h*
Venezuela (Bolivarian Republic of)	—	—	—	—	—	—	—	—	—
Total A	**29 263 233**	**5 645 263**	**87 283 066**	**92 928 329**	**24 050 326**	**(10 378 173)**	**98 490 416**	**626 944**	**38 000 242**
B. Voluntary cost-sharing contributions from Member States									
Brazil	3 267 217	—	1 679 000	1 679 000	3 942 208	(1 709 000)[b]	3 164 385	—	3 115 039
Colombia	—	—	300 074	300 074	127 616	—	252 820	(16 874)	157 997
Total B	**3 267 217**	**—**	**1 979 074**	**1 979 074**	**3 169 824**	**(1 709 000)**	**3 417 205**	**(16 874)**	**3 273 037**
C. Voluntary contributions from other Government organizations									
AuSAID	—	—	12 200	12 200	—	372 093[a]	388 880	4 587	—
Council of the Baltic Sea States	—	—	190 700	190 700	—	—	190 700	—	—
European Commission	—	—	35 346 172	35 346 172	—	(469 983)[a,c]	34 974 973	98 784	—
FIA Bermuda	—	—	350 000	350 000	—	—	350 000	—	—
FIC Kosovo	—	—	378 549	378 549	—	—	364 577	(13 972)	—
FIC Namibia	—	—	280 000	280 000	—	—	280 000	—	—
FIC South Africa	—	—	95 000	95 000	—	—	95 000	—	—
FIU Tanzania	—	—	180 000	180 000	—	—	180 000	—	—
Indian Ocean Commission	—	—	4 518	4 518	—	—	—	(189)	4 329
International Organization for Migration	—	—	439 739	439 739	—	—	439 739	—	—
INTERPOL	—	—	10 422	10 422	—	—	11 536	1 114	—
OSCE Belgium	—	—	—	—	—	—	—	—	—
OSCE Vienna	—	—	13 123	13 123	—	—	12 788	(336)	—
Prevention and Combating of Corruption Bureau	—	—	280 000	280 000	—	—	280 000	—	—
USAID	826 050	—	550 000	550 000	—	—	803 324	—	572 726
World Bank/UNODC StAR Trust Fund	—	—	360 000	360 000	—	—	360 000	—	—
Total C	**826 050**	**—**	**38 490 423**	**38 490 423**	**—**	**(97 890)**	**38 731 517**	**89 988**	**577 055**

Donor	Unpaid pledges as at 1 January 2008	Income from pledges for 2008-2009: General purpose	Special purpose	Total	Pledges for future years	Adjustments	Collections	Revaluation (losses) gains	Unpaid pledges as at 31 December 2009
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f-g+h*
D. Voluntary contributions from public donations									
Aguas de Portugal	—	—	38 363	38 363	76 726	—	44 379	15 869	86 580
Agenzia Italiana del Farmaco (AIFA)	109 154	—	107 896	107 896	—	(107 896)[b]	103 184	(5 970)	—
Assistenza Ricerca e Sviluppo SPA (ARES)	—	—	82 802	82 802	—	—	82 473	(329)	—
Artoc Group for Investments and Development	—	—	22 000	22 000	—	—	22 000	—	—
Banco BPI S.A.	—	—	63 939	63 939	127 877	—	63 939	16 423	144 300
Banco Commercial Portugues	—	—	41 841	41 841	83 682	—	42 135	3 192	86 580
Banco Espirito Santo	—	—	65 617	65 617	131 234	—	63 939	11 388	144 300
BEENA Human Rights Capacity-Building Project in Egypt	—	—	357 614	357 614	—	—	357 614	—	—
Caixa Geral de Depositos	—	—	66 257	66 257	132 514	—	69 735	15 264	144 300
Cassa di Rispamio di Torino	—	—	61 224	61 224	26 239	—	58 123	(3 366)	25 974
Commune di Bari	—	—	53 131	53 131	—	—	46 994	(6 136)	—
Democratic Control of Armed Forces	—	—	2 606	2 606	—	—	2 606	—	—
Drosos Foundation	5 000	—	295 000	295 000	310 143	(5 000)[b]	295 000	—	310 143
Education for Nature Viet Nam	—	—	21 070	21 070	—	—	21 070	—	—
Equality Now, Inc.	—	—	10 000	10 000	—	—	10 000	—	—
Fiera di Milano	—	—	58 140	58 140	—	—	60 241	2 101	—
Fondazione Banca di Lucca	—	—	47 619	47 619	—	—	49 587	1 968	—
Ford Foundation	—	—	150 000	150 000	—	—	75 000	—	75 000
Galp Energia	—	—			130 815	—		(945)	129 870
Moschino	—	—	21 269	21 269	—	—	21 269	—	—
Ordine degli Avvocati	—	—	9 036	9 036	—	—	—	(378)	8 658
Organisation internationale de la Francophonie	—	—	77 761	77 761	—	—	78 616	856	—
Planethood Foundation	—	—	6 974	6 974	—	—	6 974		—

Donor	Unpaid pledges as at 1 January 2008	Income from pledges for 2008-2009: General purpose	Income from pledges for 2008-2009: Special purpose	Income from pledges for 2008-2009: Total	Pledges for future years	Adjustments	Collections	Revaluation (losses) gains	Unpaid pledges as at 31 December 2009
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f-g+h*
Provincia di Lucca	—	—	7 937	7 937	—	—		722	8 658
Provveditorato Regionale dell'Amministrazione Penitensiziaria	—	—	25 850	25 850	—	—	12 950	1 529	14 430
Portugal Telecom	—	—	39 370	39 370	—	—	38 363	(1 007)	—
Redes Energeticas Nacionais	—	—	39 683	39 683	79 365	—	39 370	6 902	86 580
Rede Ferroviaria Nacional	—	—	26 247	26 247	52 493	—	26 247	5 227	57 720
Regione Emilia Romagna	—	—	13 098	13 098	—	—	12 976	(121)	—
Small Arms Survey	30 000	—	42 500	42 500	—	—	72 500	—	—
San Paolo Foundation	513 119	—	1 098 099	1 098 099	—	(515 169)[b]	1 061 894	1 919	36 075
Public donations accumulated from various sources not more than US$ 50,000 annual	—	16	34 829	34 845	—	—	34 845	—	—
Total D	**657 273**	**16**	**2 987 771**	**2 987 786**	**1 151 088**	**(628 065)**	**2 874 022**	**65 106**	**1 359 168**
Total voluntary contributions									
Total A+B+C+D	**34 013 773**	**5 645 279**	**130 740 334**	**136 385 613**	**28 371 238**	**(12 813 129)**	**143 513 160**	**765 164**	**43 209 501**
E. Funds received under inter-organization arrangements									
ICC	—	—	62 617	62 617	—	—	63 942	1 325	—
One UN — Cape Verde	—	—	906 600	906 600	251 106	—	1 157 706	—	—
One UN — Viet Nam	—	—	209 083	209 083	463 750	—	479 730	—	193 103
United Nations Democracy Fund	—	—	1 176 511	1 176 511	226 831	(397 092)[b]	621 503	—	384 747
Department of Economic and Social Affairs	—	—	3 910	3 910	—	—	3 910	—	—
UNDP Afghanistan	40 000	—	—	—	—	—	40 000	—	—
UNDP Brazil	32 400	—	—	—	—	(32 400)[d]	—	—	—
UNDP Iraq		—	998 652	998 652	941 548	—	—	—	1 940 200
UNDP Kenya	—	—	430 000	430 000	—	—	430 000	—	—
UNDP Maldives		—	67 800	67 800	—	—	30 000	—	37 800
UNDP Mauritius	—	—	226 500	226 500	44 619	—	187 175	—	83 944

Donor	Unpaid pledges as at 1 January 2008	Income from pledges for 2008-2009: General purpose	Income from pledges for 2008-2009: Special purpose	Income from pledges for 2008-2009: Total	Pledges for future years	Adjustments	Collections	Revaluation (losses) gains	Unpaid pledges as at 31 December 2009
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f-g+h*
UNDP Montenegro	18 850	—	37 100	37 100	—	(8 850)[b]	47 100	—	—
UNDP Mozambique	—	—	—	—	—	—	—	—	—
UNDP Thailand	—	—	—	—	—	—	—	—	—
UNDP/Peacebuilding Fund	—	—	900 000	900 000	—	—	900 000	—	—
UNDP/Spain MDGF	—	—	973 018	973 018	3 661 235	—	1 809 880	—	2 824 373
UNFIP	—	—	31 980	31 980	—	—	31 980	—	—
UNIFEM	—	—	—	—	—	—	—	—	—
United Nations Headquarters	—	—	363 902	363 902	—	—	363 902	—	—
UNICEF headquarters	3 150	—	35 660	35 660	—	—	38 810	—	—
UNICEF India	—	—	—	—	—	—	—	—	—
UNICEF Lebanon	—	—	—	—	—	—	—	—	—
UNOPS (UNDP Pogar)	—	—	264 616	264 616	—	—	80 000	—	184 616
United Nations Trust Fund for Human Security	—	—	1 458 945	1 458 945	—	—	803 998	—	654 947
WHO	—	—	15 268	15 268	—	—	—	551	15 819
Total E	**94 400**	**—**	**8 162 161**	**8 162 161**	**5 589 089**	**(438 342)**	**7 089 636**	**1 876**	**6 319 549**
Grand total									
Total A+B+C+D+E	**34 108 173**	**5 645 279**	**138 902 495**	**144 547 775**	**33 960 327**	**(13 251 471)**	**150 602 796**	**767 040**	**49 529 053**

Note: accounting adjustments:

[a] Transfer to/from Drug Programme Funds.

[b] Accounting adjustments pertaining to pledges for the biennium 2008-2009 and were recorded in prior period.

[c] A US$ 4,250 payment of an invoice from the Korean Institute of Criminal Justice Policy was incorrectly recorded as general purpose contributions in 2007.

[d] Pledges written off.

[e] Interest income used to offset pledge receivable.

Schedule 4

Consolidated budget and expenditure

(United States dollars)

Category	*Drug Programme Fund*			*Crime Programme Fund*			*Total*		
	2008-2009 Budget[a]	*Expenditure*	*Balance*	*2008-2009 Budget*[a]	*Expenditure*	*Balance*	*2008-2009 Budget*[a]	*Expenditure*	*Balance*
I. Executive direction and management									
General purpose									
Post	1 641.1	1 020.3	620.8	641.4	367.7	273.7	2 282.5	1 388.1	894.4
Non-post	432.9	229.8	203.1	146.4	48.9	97.5	579.3	278.7	300.6
Special purpose	606.0	351.0	255.0		0.0	0.0	606.0	351.0	255.0
Subtotal, I	**2 680.0**	**1 601.2**	**1 078.8**	**787.8**	**416.6**	**371.2**	**3 467.8**	**2 017.9**	**1 449.9**
II. Programme of work									
A. Subprogramme 1: Rule of law									
General purpose									
Post	230.0		230.0	0.0		0.0	230.0		230.0
Non-post	0.0		0.0	0.0		0.0	0.0		0.0
Programme support									
Post	0.0		0.0	0.0	327.1	-327.1	0.0	327.1	-327.1
Non-post	0.0		0.0	77.3	245.3	-168.0	77.3	245.3	-168.0
Special purpose	3 273.6	3 040.6	233.0	46 907.7	39 395.0	7 512.7	50 181.3	42 435.6	7 745.7
Subtotal, II.A	**3 503.6**	**3 040.6**	**463.0**	**46 985.0**	**39 967.3**	**7 017.7**	**50 488.6**	**43 007.9**	**7 480.7**
B. Subprogramme 2: Policy and trend analysis									
General purpose									
Post	6 168.7	5 530.3	638.4	1 513.7	1 556.7	-43.0	7 682.4	7 087.0	595.4
Non-post	1 049.9	890.8	159.1	365.7	314.9	50.8	1 415.6	1 205.6	210.0
Special purpose	4 208.3	7 567.0	-3 358.7	2 836.6	1 510.2	1 326.4	7 044.9	9 077.2	-2 032.3
Subtotal, II.B	**11 426.9**	**13 988.1**	**-2 561.2**	**4 716.0**	**3 381.7**	**1 334.3**	**16 142.9**	**17 369.8**	**-1 226.9**
C.1 Subprogramme 3: Prevention, treatment, reintegration and alternative development (headquarters)									
General purpose									
Post	2 382.9	1 337.0	1 045.9	340.5	287.4	53.1	2 723.4	1 624.3	1 099.1
Non-post	473.9	240.4	233.5	31.3	0.0	31.3	505.2	240.4	264.8
Programme support									
Post	3 788.2	3 994.2	-206.0	2 499.0	1 861.0	638.0	6 287.2	5 855.2	432.0
Non-post	767.6	761.7	5.9	298.5	202.6	95.9	1 066.1	964.3	101.8
Special purpose	41 105.9	33 223.1	7 882.8	39 149.1	26 329.2	12 819.9	80 255.0	59 552.3	20 702.7
Subtotal, II.C.1	**48 518.5**	**39 556.3**	**8 962.2**	**42 318.4**	**28 680.2**	**13 638.2**	**90 836.9**	**68 236.6**	**22 600.3**

Category	Drug Programme Fund			Crime Programme Fund			Total		
	2008-2009 Budget[a]	Expenditure	Balance	2008-2009 Budget[a]	Expenditure	Balance	2008-2009 Budget[a]	Expenditure	Balance
C.2 Subprogramme 3: Prevention, treatment, reintegration and alternative development (field offices)									
General purpose									
Post	8 141.6	8 224.8	-103.2	3 256.6	3 113.1	143.5	11 398.2	11 358.0	40.2
Non-post	117.1	274.7	-157.6	0.0		0.0	117.1	274.7	-157.6
Programme support									
Post	3 955.2	4 161.5	-206.3	1 318.4	1 387.2	-68.8	5 273.6	5 548.7	-275.1
Non-post	3 460.1	3 164.9	295.2	1 163.7	1 166.2	-2.5	4 623.8	4 331.1	292.7
Special purpose	218 323.3	225 032.8	-6 709.5	41 526.5	44 618.5	-3 092.0	259 849.8	269 651.3	-9 801.5
Subtotal, II.C.2	**233 997.3**	**240 878.8**	**-6 881.5**	**47 265.2**	**50 285.0**	**-3 019.8**	**281 262.5**	**291 163.8**	**-9 901.3**
III. Programme support									
General purpose									
Post	1 211.3	988.6	222.7	449.6	405.2	44.4	1 660.9	1 393.8	267.1
Non-post	1 183.9	1 088.9	95.0	350.5	282.8	67.7	1 534.4	1 371.7	162.7
Programme support									
Post	6 868.5	5 839.2	1 029.3	1 745.6	1 799.5	-53.9	8 614.1	7 638.7	975.4
Non-post	703.6	648.4	55.2	701.7	362.5	339.2	1 405.3	1 010.8	394.5
Special purpose	1 276.6	1 016.7	259.9	7 446.4	7 888.9	-442.5	8 723.0	8 905.6	-182.6
Subtotal, III	**11 243.9**	**9 581.7**	**1 662.2**	**10 693.8**	**10 738.9**	**-45.1**	**21 937.7**	**20 320.5**	**1 617.2**
Summary (I+II+III)									
General purpose									
Post	19 775.6	17 121.0	2 654.6	6 201.8	5 730.2	471.6	25 977.4	22 851.2	3 126.2
Non-post	3 257.7	2 724.6	533.1	893.9	646.5	247.4	4 151.6	3 371.1	780.5
Programme support									
Post	14 611.9	13 994.9	617.0	5 563.0	5 374.8	188.2	20 174.9	19 369.7	805.2
Non-post	4 931.3	4 574.9	356.4	2 241.2	1 976.5	264.7	7 172.5	6 551.4	621.1
Special purpose	268 793.7	270 231.2	-1 437.5	137 866.3	119 741.8	18 124.5	406 660.0	389 973.0	16 687.0
External executing agencies	1 053.4	1 021.4	32.0	293.4	204.4	89.0	1 346.8	1 225.8	121.0
Total, I+II+III	**312 423.6**	**309 668.1**	**2 755.5**	**153 059.6**	**133 674.2**	**19 385.4**	**465 483.2**	**443 342.3**	**22 140.9**

[a] Budget figures are based on 2008-2009 revised budget in E/CN.7/2009/13-E/CN.15/2009/23. The budget for the special purpose funds are adjusted to reflect accurate budget distribution between substantive divisions.

Schedule 5

Consolidated programme support costs by implementing agencies and sources

(United States dollars)

	Project expenditure				*Programme support costs*								
					Implementing partners				*UNODC*			*Total*	
	General purpose	*Special purpose*	*Programme support*	*Total*	*Special purpose*	*Programme support*	*Total*	*Percentage*	*Special purpose*	*Total*	*Percentage*	*Amount*	*Percentage*
I. Programme support costs on project expenditure													
A. UNODC implementation													
1. Drug Programme	12 114 706	130 618 536	18 569 869	161 303 112					16 597 561	16 597 561	10.3	16 597 561	10.3
2. Crime Programme[a]	6 376 687	80 050 847	7 351 274	93 778 808					6 981 127	6 981 127	7.4	6 981 127	7.4
Total A	**18 491 393**	**210 669 383**	**25 921 143**	**255 081 919**					**23 578 688**	**23 578 688**	**9.2**	**23 578 688**	**9.2**
B. Partners implementation/support													
1. Drug Programme													
United Nations entities													
(a) UNDP	7 730 923	96 196 040		103 926 963	33 349	10 090	43 438	0.0	11 460 765	11 460 765	11.0	11 504 203	11.1
(b) UNFPA		1 232 898		1 232 898	73 500		73 500	6.0	86 777	86 777	7.0	160 277	13.0
(c) UNOPS		9 801 857		9 801 857	646 352		646 352	6.6	513 448	513 448	5.2	1 159 799	11.8
United Nations specialized agencies													
(d) FAO		939 634		939 634	84 567		84 567	9.0	33 854	33 854	3.6	118 421	12.6
(e) WHO		182 083		182 083	12 746		12 746	7.0	10 925	10 925	6.0	23 671	13.0
(f) European Centre for Social Welfare Policy and Research		28 422		28 422	1 848		1 848	6.5	1 645	1 645	5.8	3 493	12.3
Intergovernmental organizations													
(g) World Customs Organization		733 146		733 146	95 309		95 309	13.0				95 309	13.0
Non-governmental organizations													
(h) PROFA		110 009		110 009	3 301		3 301	3.0	11 004	11 004	10.0	14 305	13.0
(i) Vienna NGO Committee on Narcotic Drugs		553 358		553 358					60 379	60 379	10.9	60 379	10.9
Total B.1	**7 730 923**	**109 777 447**		**117 508 370**	**950 972**	**10 090**	**961 061**	**0.8**	**12 178 797**	**12 178 797**	**10.4**	**13 139 858**	**11.2**

	Project expenditure				*Programme support costs*								
					Implementing partners				*UNODC*			*Total*	
	General purpose	*Special purpose*	*Programme support*	*Total*	*Special purpose*	*Programme support*	*Total*	*Percentage*	*Special purpose*	*Total*	*Percentage*	*Amount*	*Percentage*
2. Crime Programme													
United Nations entities													
(a) UNDP		35 137 775		35 137 775	2 764		2 764	0.0	3 742 168	3 742 168	10.6	3 744 932	10.7
(b) UNOPS		3 089 694		3 089 694	201 503		201 503	6.5	159 121	159 121	5.2	360 624	11.7
Total B.2		**38 227 469**		**38 227 469**	**204 267**	**0**	**204 267**	**0.5**	**3 901 289**	**3 901 289**	**10.2**	**4 105 556**	**10.7**
Total B	**7 730 923**	**148 004 916**		**155 735 839**	**1 155 239**	**10 090**	**1 165 328**	**0.7**	**16 080 086**	**16 080 086**	**10.3**	**17 245 414**	**11.1**
C. National execution													
1. Drug Programme		29 835 212		29 835 212	60 354		60 354	0.2	1 432 581	1 432 581	4.8	1 492 935	5.0
2. Crime Programme		1 463 480		1 463 480	145				73 029	73 029	5.0	73 029	5.0
Total C		**31 298 692**		**31 298 692**	**60 499**		**60 499**	**0.2**	**1 505 610**	**1 505 610**	**4.8**	**1 566 109**	**5.0**
D. Total programme support costs on project expenditure													
1. Drug Programme	19 845 629	270 231 196	18 569 869	308 646 694	1 011 326	10 090	1 021 416	0.3	30 208 938	30 208 938	9.8	31 230 354	10.1
2. Crime Programme	6 376 687	119 741 796	7 351 274	133 469 757	204 412	0	204 412	0.2	10 955 445	10 955 445	8.2	11 159 857	8 4
Total I	**26 222 316**	**389 972 991**	**25 921 143**	**442 116 450**	**1 215 738**	**10 090**	**1 225 828**	**0.3**	**41 164 383**	**41 164 383**	**9.3**	**42 390 210**	**9.6**
II. Programme support costs on allocation balance													
1. Drug Programme													
United Nations entities													
(a) UNOPS		89 567		89 567					4 927	4 927	5.5	4 927	5.5
United Nations specialized agencies													
(b) FAO		13		13					1	1	7.7	1	7.7
(c) WHO		369 863		369 863					22 192	22 192	6.0	22 192	6.0
Total II.1		**459 443**		**459 443**					**27 120**	**27 120**	**5.9**	**27 120**	**5.9**

	Project expenditure								*Programme support costs*				
					Implementing partners				*UNODC*			*Total*	
	General purpose	*Special purpose*	*Programme support*	*Total*	*Special purpose*	*Programme support*	*Total*	*Percentage*	*Special purpose*	*Total*	*Percentage*	*Amount*	*Percentage*
2. Crime Programme													
United Nations entities													
(a) UNOPS		34 607		34 607									
									1 903	1 903	5.5	1 903	5.5
Total II.2		**34 607**		**34 607**									
									1 903	**1 903**	**5.5**	**1 903**	**5.5**
Total II		**494 050**		**494 050**									
									29 023	**29 023**	**5.9**	**29 023**	**5.9**
III. Total programme support costs on project expenditure and allocation balance													
1. Drug Programme	19 845 629	270 690 639	18 569 869	309 106 137	1 011 326	10 090	1 021 416	0.3	30 236 058	30 236 058	9.8	31 257 474	10.1
2. Crime Programme	6 376 687	119 776 403	7 351 274	133 504 364	204 412	0	204 412	0.2	10 957 348	10 957 348	8.2	11 161 760	8.4
Grand total	**26 222 316**	**390 467 042**	**25 921 143**	**442 610 501**	**1 215 738**	**10 090**	**1 225 828**	**0.3**	**41 193 406**	**41 193 406**	**9.3**	**42 419 234**	**9.6**

[a] UNODC implementation for Crime Programme Funds includes the UNICRI sub-account.

[b] Allocation balance reserved for implementation by partners is based on unliquidated obligations reported by implementing partners as at 31 December 2009.

Notes to the financial statements

Note 1
Statement of aims

(a) The United Nations Office on Drugs and Crime (UNODC) is mandated to assist Member States in their struggle against illicit drugs, crime and terrorism in all its forms and manifestations. The three pillars of the work programme of UNODC are: (i) normative services to facilitate the implementation of international legal instruments and their transformation into global norms, as well as facilitating negotiation of international legal instruments; (ii) research and analysis to increase knowledge and understanding of drug, crime and terrorism issues and expansion of the evidence base for policymaking and operational decisions; and (iii) technical assistance to provide expertise to Member States to prepare for signature and ratification of international legal instruments and to facilitate their implementation, together with legislative assistance and national capacity-building in the area, inter alia, of multilateral standards and norms.

(b) The Fund of the United Nations International Drug Control Programme is primarily concerned with technical cooperation programmes and projects in drug control. The United Nations Crime Prevention and Criminal Justice Fund is primarily concerned with technical cooperation programmes and projects in crime prevention, criminal justice and criminal law reform.

Note 2
Accounting policies

(a) Accounting conventions:

(i) The accounts of the Drug Programme and the Crime Programme Funds are maintained in accordance with the Financial Regulations and Rules of the United Nations, the Financial Rules of UNODC and the United Nations system accounting standards. Going concern, consistency, and accrual are fundamental accounting assumptions. Prudence, substance over form, and materiality govern the selection and application of accounting policies. Notes to the financial statements disclose all significant accounting policies and changes in accounting policies which materially affect the financial statements;

(ii) The accounts are maintained on a fund accounting basis. Each fund is a distinct financial and accounting entity with a separate self-balancing group of accounts. Separate financial statements are prepared for the Drug Programme and Crime Programme Funds, which are combined to present the consolidated financial statements;

(iii) The consolidated cash flow statement is based on the indirect method of cash flows as referred to in the United Nations system accounting standards;

(iv) The financial period is a biennium consisting of two consecutive calendar years. The financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services;

(v) The accounts are maintained and presented in United States dollars. Transactions in other currencies are translated into United States dollars at the

time of the transaction at rates of exchange established by the United Nations. In respect of such currencies, the financial statements reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect at the date of the presentation of the statements;

(vi) The financial statements of the Drug Programme and the Criminal Programme Funds are presented to reflect general-purpose, special-purpose, and programme support funds. General-purpose funds are unearmarked resources that finance the executive direction and management of UNODC, as well as programme and programme support costs both at headquarters (Vienna) and in the field. They are also used to finance advances for projects and other field operations. Special-purpose funds are earmarked voluntary contributions, which are used to finance UNODC technical cooperation and other substantive activities at headquarters (Vienna) and in the field. Starting in 2008, UNODC reported programme support resources recovered through the application of a charge against activities funded from special-purpose contributions as a separate category of funds. In previous bienniums such resources were classified as general-purpose funds. This change has been approved in resolutions 50/14 and 16/6 of the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice, respectively;

(vii) The Crime Programme Fund account includes a sub-account for the United Nations Interregional Crime and Justice Research Institute. The accounts for the Special Account for Information Technology Service Costs at UNODC are directly eliminated from the consolidated financial statements (statements I and II) to avoid double reporting (see note 11) of income and expenditure;

(viii) The presentation of consolidated financial statements for the Drug Programme and the Crime Prevention Funds facilitates the review of UNODC and does not imply that these Funds have been intermingled. The consolidation process requires the elimination of transactions between the Funds for accurate presentation in the "total" column. The elimination removes double-counting of income and expenditure and includes receivable and payable offsets and adjustments to fund balances. All such eliminations are presented under the separate "eliminations" column and row.

(b) Income:

(i) In accordance with the policy of the United Nations Secretariat and in accordance with the recommendation of the Board of Auditors that UNODC should account for contributions on an accrual rather than on a cash basis (see A/61/5/Add.9), income from voluntary contributions are recognized on an accrual basis;

(ii) Voluntary contributions from Member States and other donors are recognized on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions include cost-sharing contributions, income from other Government organizations and public donations. Voluntary contributions in kind are disclosed in note 10;

(iii) Income received under inter-organizational arrangements represents allocation of funds from other organizations to enable UNODC to administer projects or programmes on their behalf;

(iv) UNODC's share of programme support costs charged to projects and activities financed from special-purpose funds is credited as income to its programme support funds to meet related support expenditure. This programme support income, however, is then eliminated in the process of consolidating income in order to avoid double-counting income that is already recognized under special-purpose contributions. In accordance with United Nations policies governing trust funds, UNODC's share of programme support income on the balance of unspent allocations issued to implementing partners is also recognized;

(v) Interest income includes all interest earned on deposits in UNODC bank accounts and investment income earned in the United Nations cash pool accounts. All realized losses and unrealized losses (net of unrealized gains) on short-term investments are offset against investment income. Special-purpose and general-purpose funds are not invested separately as investments are pooled to maximize returns. Interest income on total investments is split according to its general, special-purpose, and programme support fund balances. The special purpose fund share of interest income to the Drug Programme and Crime Prevention Funds is then distributed to special-purpose project accounts or refunded according to donor funding arrangements. The remaining balance is credited to general-purpose funds. This distribution is shown as a transfer between general and special-purpose funds in the financial statements;

(vi) Miscellaneous income includes refunds of expenditure charged to prior periods, income for services rendered, savings on or cancellation of prior-period obligations and other sundry income.

(c) Expenditure:

(i) Expenditure is incurred against authorized appropriations or commitment authority. Expenditure incurred directly by UNODC includes unliquidated obligations (including currency exchange adjustments arising from revaluation of current-period obligations) and disbursements. Expenditure incurred by implementing partners includes disbursements made by them on behalf of UNODC. Loss on currency fluctuations is reported as a part of operating expense expenditure in the second year of the biennium;

(ii) To conform with the accounting policies of the United Nations Secretariat, effective 1 January 2006, obligations reported by implementing partners are no longer recognized as expenditure;

(iii) A programme support charge of up to 13 per cent for programme and project execution is levied by UNODC. Where implementation of a programme or project is shared with an implementing partner, programme support charges are also shared, with the combined amount not exceeding 13 per cent. Programme support costs paid in the biennium to implementing partners under this arrangement are charged to programme expenditure in the financial statements since they constitute an outflow of funds from UNODC. Programme support costs retained by UNODC under this arrangement are then

eliminated in the "eliminations" column to avoid double-counting with actual programme support expenditure;

(iv) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. Inventory of such non-expendable property is maintained at historical cost and is disclosed in note 9.

(d) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits in UNODC headquarters bank accounts and UNODC field office bank accounts. Cash also includes imprest and petty cash in UNODC field offices, in UNICRI and with the Economic and Social Commission for Asia and the Pacific;

(ii) Cash pool funds comprise cash and term deposits, short and long-term investments and accrued investment income from the United Nations investment pool for offices away from Headquarters. The cash pool investments include marketable securities and other negotiable instruments acquired to produce income. Short-term cash pool investments are stated at the lower of cost or market value; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The Drug Programme and Crime Programme Funds' shares of the cash pool for the offices away from Headquarters and the composition of the cash pool and the market value of its investments are disclosed in the footnotes to the statements of assets, liabilities, reserves and fund balances;

(iii) Inter-fund balances reflect transactions between funds, and are included in the amounts owed to and from the United Nations General Fund. Inter-fund balances also reflect transactions made directly with the United Nations General Fund. Inter-fund balances are settled periodically;

(iv) Accounts receivable include contributions receivable, inter-fund balances receivable, advances to implementing partners and other receivables;

(v) Other assets represent deferred charges. Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery. Loss on currency fluctuations are also included as deferred charges in the first year of the biennium. For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled.

(e) Liabilities:

(i) Unpaid commitments and valid commitments against future financial periods are shown as unliquidated obligations. Obligations remain valid for 12 months following the end of the biennium to which they relate;

(ii) Accounts payable include advances due to implementing partners, inter-fund balances payable and other payables. In 2009, the accounts payable for the Crime Programme Fund included the cash contributions received in 2009 for the Trust Fund to Support Initiatives of States Countering Piracy off the Coast of Somalia, established effective 2010;

(iii) Deferred income includes pledged contributions for future periods where the pledge document categorically specifies the fiscal year(s) in which the contributions shall be made;

(iv) Accrued liabilities for end-of-service and post-retirement benefits, comprising after-service health insurance, unused annual leave days, end-of-service allowances and repatriation benefits, are included as liabilities in the statement of assets, liabilities, reserves and fund balances, in accordance with United Nations accounting policy and General Assembly resolution 60/255 with respect to recognition of after-service health insurance liabilities (note 6);

(v) UNODC participates in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined benefit plan. The contribution of UNODC to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, currently 7.9 per cent for the participant and 15.8 per cent for the organizations, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Joint Staff Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. As at 31 December 2009, the Assembly had not invoked this provision.

(f) Reserves and fund balances:

(i) Prior-period adjustments include adjustments to prior-period income and the write-off and cancellation of prior-period pledges (note 4);

(ii) Net changes of provisions and reserves reflect movements of the reserve for allocations;

(iii) Transfers to and from other funds are performed in accordance with terms and conditions as agreed with donors;

(iv) Refunds to donors are funds that are surplus to the requirements of specific projects and are returned to donors in accordance with the terms and conditions set forth in funding agreements;

(v) Reserves for allocations are established to cover unspent budgetary allocations and outstanding operating funds advanced to implementing partners.

(g) Summary of significant changes in accounting policies:

Significant changes in accounting policies adopted to align the financial statements of the Drug Programme and Crime Programme Funds in accordance with relevant United Nations accounting policies are summarized as follows:

Changes in accounting policies	*Funds which the changes were implemented effective 1 January 2008*
Starting 2008, UNODC reported programme support resources recovered through the application of a charge against activities funded from special-purpose contributions as a separate category of funds	Drug Programme Fund and Crime Programme Fund
Starting 2008, in compliance with United Nations accounting policies, valid commitments against future financial periods are reported both as deferred charges and as unliquidated obligations for future periods	Drug Programme Fund and Crime Programme Fund
Starting 2008, in compliance with United Nations accounting policies, loss on currency fluctuations are included as deferred charges in the first year of the biennium and as operating expense expenditure in the second year of the biennium	Drug Programme Fund and Crime Programme Fund
Starting 2009, in compliance with United Nations accounting policies, UNODC reported programme support paid to implementing partners as expenditure in the special purpose fund	Drug Programme Fund and Crime Programme Fund
Starting 2009, in compliance with United Nations accounting policies, after-service health insurance liabilities that is based on an actuarial valuation includes the actuarial gains and losses	Drug Programme Fund and Crime Programme Fund
Starting 2009, the end-of-service liabilities for repatriation benefits and annual leave benefits are based on an actuarial valuation, and are recognized not only for staff funded by general purpose fund and programme support fund but also for staff funded by the special purpose fund	Drug Programme Fund and Crime Programme Fund
Starting 2009, the end-of-service liabilities include the end-of-service allowance for UNODC general support staff in Vienna	Drug Programme Fund and Crime Programme Fund
Starting 2009, UNODC discloses the Special Account for Information Technology Service Costs at UNODC in the notes to the financial statements (note 11)	Special Account for Information Technology Service Costs

Note 3
Effect of changes in accounting policies

(a) Starting 2008, UNODC reported programme support resources recovered through the application of a charge against activities funded from special-purpose contributions as a separate category of funds. The Drug Programme Fund split the general-purpose fund balance as at 31 December 2007 into general-purpose and programme support fund balances. The split ratio of 69:31 was based, over two bienniums, on a combination of actual general-purpose voluntary contributions and programme support income with the average of expenditure and other nominal account balances, which resulted in a $5,085,395 transfer from the general-purpose fund to the programme support fund. The Crime Prevention and Criminal Justice Fund reported separately the programme support fund balance and the general-purpose fund balance as at 31 December 2007, based on the separate accounting records of each Fund, which resulted in a decrease in the general-purpose fund balance from $4,967,205 as at 31 December 2007 to $3,767,174 as at 1 January 2008, to establish the programme support fund balance as at 1 January 2008 of $1,200,031;

(b) Starting 2008, in compliance with United Nations accounting policies, valid commitments against future financial periods are reported both as deferred charges and as unliquidated obligations for future periods. The deferred charges and unliquidated obligations for future periods as at 31 December 2009 are $1,412,511 for the Drug Programme Fund and $638,159 for the Crime Programme Fund;

(c) Starting 2008, in compliance with United Nations accounting policies, loss on currency fluctuations are included as deferred charges in the first year of the biennium and as operating expense expenditure in the second year of the biennium. The loss on currency fluctuations for the Drug Programme Fund as at 31 December 2009 is $909,039 for general-purpose fund, $10,533,720 for special-purpose fund and $410,863 for programme support cost fund. The loss on currency fluctuations for the Crime Programme Fund as at 31 December 2009 is $155,298 for general-purpose fund, $313,085 for special-purpose fund and $10,680 for programme support cost fund;

(d) Starting 2009, in compliance with United Nations accounting policies, UNODC reported programme support paid to implementing partners as expenditure in the special-purpose fund, instead of as expenditure in the programme support fund. In 2008, the programme support paid to implementing partners was $526,705 for the Drug Programme Fund and $146,661 for the Crime Programme Fund. For the biennium 2008-2009, the programme support paid to implementing partners is $1,021,416 for the Drug Programme Fund and $204,412 for the Crime Programme Fund. See schedule 5;

(e) Starting 2009, in compliance with United Nations accounting policies, after-service health insurance liabilities, which are based on an actuarial valuation, include the actuarial gains and losses. The actuarial gains and losses as at 31 December 2009 for after-service health insurance liabilities are $5,172,250 (gain) for the Drug Programme Fund and $1,053,250 (loss) for the Crime Programme Fund. See note 6;

(f) Starting 2009, the end-of-service liabilities for repatriation benefits and annual leave benefits are based on an actuarial valuation. Previously these liabilities

were recorded based on current costs without discounting or other adjustments; this change is made in order for reasonable estimates of these liabilities to be incorporated into the financial statements. Starting 2009, these liabilities are also recognized not only for staff funded by general-purpose fund and programme support fund, but also for staff funded by the special-purpose fund. This results in an increase of repatriation benefit liabilities as at 31 December 2009 of $1,080,578 for the Drug Programme Fund and of $978,556 for the Crime Programme Fund. It also results in an increase of annual leave benefit liabilities as at 31 December 2009 of $171,916 for the Drug Programme Fund and of $498,706 for the Crime Prevention Fund. See note 6;

(g) Starting 2009, the end-of-service liabilities include the end-of-service allowance for UNODC general support staff in Vienna based on information circular UN/INF.243 of 6 March 1990. The end-of-service allowance for UNODC general support staff in Vienna as at 31 December 2009 is $1,885,723 for the Drug Programme Fund and $534,831 for the Crime Prevention Fund. See note 6;

(h) Starting 2009, the Special Account for Information Technology Service Costs at UNODC is disclosed in the notes to the financial statements. See note 11.

Note 4
Prior-period adjustments

(a) The Drug Programme Fund reduced its fund balance by writing off, with the approval of the Executive Director of UNODC: a $247,807 pledge balance from AuSAID, a $975,000 pledge balance from the Netherlands, a $111,699 pledge balance from the United Kingdom, a $7,361 pledge balance from UNDP, a $267,742 pledge balance from Bahrain, a $60,000 pledge balance from India, a $24,986 pledge balance from USAID, a $100,000 pledge balance from the United States of America and a $7,500 pledge balance from NATO. The Drug Programme Fund also corrected its prior period income by $93,019 ($15,259 of which was uncollected) for income from Belgium for the Crime Programme Fund that was incorrectly recognized in the Drug Programme Fund in 2007 and by $187,460 for income from Bahrain in 2007;

(b) The Crime Programme Fund reduced its fund balance by writing off with the approval of the Executive Director of UNODC: a $9,299 pledge balance from Germany, a $40,000 pledge balance from Switzerland, a $30,000 pledge balance from Brazil, a $6,792 pledge balance from Canada, a $2,056 pledge balance from Hungary, a $3,158 pledge balance from the Netherlands, a $50,000 pledge balance from Turkey and a $32,400 pledge balance from UNDP Brazil. The Crime Programme Fund also corrected its prior period income by $4,250 payment of an invoice from the Korean Institute of Criminal Justice Policy, which was incorrectly recognized as general purpose contribution in the Crime Programme Fund in 2007.

Note 5
Operating funds advanced to (due to) implementing partners

(United States dollars)

Implementing partners	*Operating funds advanced to implementing partners as at 31 December 2009*	*Operating funds due to implementing partners as at 31 December 2009*
United Nations entities		
Department of Economic and Social Affairs	18 443	
UNDP	8 732 335	
UNFPA	436 334	
UNOPS	860 864	(904 919)
United Nations specialized agencies		
FAO		(113 128)
ILO	27 196	
IMO	6 763	
WHO	238 405	
Intergovernmental organizations		
African Union		(61 161)
World Customs Organization		(239 351)
Non-governmental organizations		
Banco Agrario de Colombia	584 326	
Pro Bienestar de la Familia	8 656	
Total	**10 913 322**	**(1 318 558)**

Note 6
End-of-service and post-retirement liabilities

(a) End-of-service and post-retirement benefits comprise after-service health insurance coverage, repatriation benefits and commutation of annual leave days. As disclosed in note 3 (e) (f), these liabilities are determined on the basis of an actuarial valuation, which was undertaken by an independent, qualified actuarial firm commissioned by United Nations Headquarters. The liabilities also include end-of-service allowance for UNICRI general support staff and UNODC general support staff in Vienna.

(b) Upon end-of-service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007, and five years for those who were recruited prior to this date. This benefit is referred to as after-service health insurance, and represents the present value, net of retiree contributions, of benefits that have accrued from the employee's date of recruitment until the valuation date. Liabilities related to after-service health insurance as at 31 December 2009 are estimated at $10,392,000 for the Drug Programme Fund and $4,084,000 for the Crime Programme Fund and are reflected in the financial statements in accordance with United Nations accounting policy and General Assembly resolution 60/255.

(c) Upon end-of-service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant that is based upon length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits. Repatriation benefit liabilities as at 31 December 2009 are estimated at $2,630,000 for the Drug Programme Fund and $1,609,000 for the Crime Programme Fund.

(d) Provision for repatriation benefits is calculated on the basis of 8 per cent of net base pay for all eligible personnel funded from the Drug Programme and Crime Programme Funds. For the Drug Programme and the Crime Programme Funds, accruals for and payment of the repatriation benefits to staff members are accounted for in the repatriation grant accruals of the Funds. The accrued repatriation benefits that have been recorded as at 31 December 2009 are $4,091,724 for the Drug Programme Fund and $1,217,415 for the Crime Programme Fund, and this provision is included as part of the funding for the end-of-service and post-retirement liabilities.

(e) Upon end-of-service, staff members may commute unused annual leave days up to a maximum of 60 working days for those holding a fixed-term contract or continuing appointments. Unused annual leave day liabilities as at 31 December 2009 are estimated at $1,916,000 for the Drug Programme Fund and $1,168,000 for the Crime Programme Fund.

(f) Upon end-of-service, the general support staff members in UNICRI are entitled to a separation payment based on FAO Circular 90/54 of 14 December 1990. Upon end-of-service, UNODC general support staff members in Vienna are entitled to end-of-service allowances based on United Nations Information Circular UN/INF.243 of 6 March 1990. The separation payment and end-of-service allowance liabilities as at 31 December 2009 are estimated at $1,885,724 for the Crime Programme Fund and $985,452 for the Crime Programme Fund.

(g) A summary of the end-of-service and post-retirement liabilities and the funding of these liabilities is shown in the table below:

(United States dollars)

	Drug Programme	*Crime Programme*	*UNICRI sub-account (Crime Programme)*	*Total*
After-service health insurance liabilities	10 392 000	3 276 000	808 000	14 476 000
Accrued annual leave liabilities	1 916 000	978 000	190 000	3 084 000
Repatriation benefits	2 630 000	1 546 000	63 000	4 239 000
General Service staff end-of-service allowance	1 885 724	534 832	450 620	2 871 176
Total after-service health insurance and end-of-service liabilities	**16 823 724**	**6 334 832**	**1 511 620**	**24 670 176**
Funded from repatriation accrual	4 091 724	1 011 575	206 841	5 310 140
Funded from 2006-2007 reserves and fund balances	12 265 595	1 109 127	1 446 027	14 820 749
Payment made in 2009 against the liabilities	(48 675)			(48 675)
Funded from/refunded to biennium 2008-2009 reserves and fund balances	515 080	4 214 130	(141 248)	4 587 962

Note 7
Reserves and fund balances

(a) Income pertaining to future financial periods has been deferred only when the pledge documents categorically specify the future fiscal period of the contribution. As a result, unpaid pledges not so deferred, together with actual operating surpluses, cause an accumulation of fund balances.

(b) Net changes in the reserves and fund balances of the Drug Programme Fund during 2009 and future commitments against them are summarized in the table below:

(United States dollars)

Changes in reserves and fund balances	*General purpose*	*Special purpose*	*Programme support*	*Total*
Reserves and fund balances as at 1 January 2008	16 336 893	130 379 698		146 716 591
Prior-period adjustments	-5 145 396	-2 022 574	5 085 395	-2 082 575
Reinstated reserves and fund balances as at 1 January 2008	11 191 497	128 357 124	5 085 395	144 634 016
Net changes during the biennium 2008-2009 (statement III)	3 448 283	25 289 809	6 311 615	35 049 706
Total reserves and fund balances as at 31 December 2009[a]	14 639 780	153 646 933	11 397 010	179 683 722
Ongoing support and project commitments and liabilities	14 639 780	153 646 933	11 397 010	179 683 722
Balance as at 31 December 2009 for future programme activities	—	—	—	—

[a] Includes reserves for allocations and eliminations.

(c) Net changes in the reserves and fund balances of the Crime Programme Fund during 2009 and future commitments against them are summarized below:

(United States dollars)

Changes in reserves and fund balances	*General purpose*	*Special purpose*	*Programme support*	*Total*
Reserves and fund balances as at 1 January 2008	3 767 174	102 098 622	1 200 031	107 065 827
Prior-period adjustments	-84 250	-93 705		-177 955
Reinstated reserves and fund balances as at 1 January 2008	3 682 924	102 004 917	1 200 031	106 887 872
Net changes during the biennium 2008-2009 (statement V)	-1 418 685	12 119 324	2 885 855	13 586 494

Changes in reserves and fund balances	*General purpose*	*Special purpose*	*Programme support*	*Total*
Total reserves and fund balances as at 31 December 2009[a]	2 264 239	114 124 241	4 085 886	120 142 189
Ongoing support and project commitments and liabilities	2 264 239	114 124 241	4 085 886	120 142 189
Balance as at 31 December 2009 for future programme activities	—	—	—	—

[a] Includes reserves for allocations and eliminations.

Note 8
Negative cash balances

Special-purpose contributions to finance project activities are treated as trust funds or project accounts. The application of these funds to specific project activities is reported separately to donors. The consolidated balance shown in the statements, therefore, consists of a series of trust funds or project accounts. In some cases, where expenditure exceeds collections and any accrued interest, the cash balances are negative. For the Drug Programme Fund, the negative cash balances have been funded by advances from general-purpose working capital and are covered by outstanding special-purpose pledges. The details of the negative cash balances for the Drug Programme Fund are shown in the table below:

(United States dollars)

Donor	*Project number*	*Cash fund balances*	*Outstanding pledges*
Belgium	GLOR35; IRQR64	-288 730	288 600
Bolivia (Plurinational State of)	BOL/F57	-30 213	40 000
Brazil	BRAD32	-7 062	150 316
Canada	AFGR87, GLO/H92, GLO/I71, GLOS48, GLOT08, GLOT58, GLOT88, GLOU42, GLO/U46, GLOU54, VNMS65	-1 168 977	1 675 485
Denmark	EGYR31	-104	0
European Commission	GLO/J33, GLO/E69, IRAS03, XEET53	-267 929	1 526 451
Ford Foundation	XMET31	-18 406	75 000
Indian Ocean Commission	GLOR35	-4 518	4 518
IOM	AFGT07	-110 116	113 302
Netherlands	JOR/J22	-10 575	24 950
Norway	GLOR35	-100 000	100 000
One UN Viet Nam	GLO/G32	-156 100	188 120
Peru	PER/D06	-43 911	252 229
Qatar	QAT/J30	69 201	250 000
Switzerland	GLOS48	-41 490	41 490

Donor	*Project number*	*Cash fund balances*	*Outstanding pledges*
UNMAS	GLO/C09	-19 151	116 050
United States of America	BDIT42, BOL/J99, ECU/I43, GLO/565, GLO/J33, GLOU54, LAOR76, PER/G34, XASS69	-1 110 415	1 861 412
USAID	INDS98	-5 727	150 695
Total		**-3 314 223**	**6 858 618**

Note 9
Non-expendable property

In accordance with United Nations standard accounting policies, non-expendable property is not included in the fixed assets of the Organization but is charged against the current appropriations when acquired. The table below shows the non-expendable property locations, movement, and status as at 31 December 2009:

(United States dollars)

Location of non-expendable property	*As at 31 December 2007*	*Acquisitions 2008-2009*	*Write-off 2008-2009*	*Adjustments 2008-2009*	*Total as at 31 December 2009*
Headquarters					
Project inventory					
Drug Programme	980 565	68 658	-50 508	0	998 715
Crime Programme	0	0	0	0	0
UNICRI (Crime Programme)	0	0	0	0	0
Office inventory					
Drug Programme	1 490 844	167 624	-110 210	0	1 548 258
Crime Programme	206 742	9 181	-25 900	0	190 023
UNICRI (Crime Programme)	250 514	317 355	-30 455	0	537 414
Subtotal	**2 928 665**	**562 819**	**-217 073**	**0**	**3 274 411**
Country offices					
Project inventory					
Drug Programme	12 513 793	11 574 236	-3 011 952	11 601	21 087 678
Crime Programme	3 429 982	4 701 478	-26 305	206	8 105 361
UNICRI (Crime Programme)	0	0	0	0	0

Location of non-expendable property	*As at 31 December 2007*	*Acquisitions 2008-2009*	*Write-off 2008-2009*	*Adjustments 2008-2009*	*Total as at 31 December 2009*
Office inventory					
Drug Programme	3 290 463	581 670	-329 822	-3 297	3 539 014
Crime Programme	0	0	0	0	0
UNICRI (Crime Programme)	269 527	1 456	-143 834	-86 811	40 339
Subtotal	**19 503 766**	**16 858 840**	**-3 511 913**	**-78 301**	**32 772 392**
Total	**22 432 431**	**17 421 659**	**-3 728 986**	**-78 301**	**36 046 802**

Note 10
Voluntary contributions in kind

In addition to cash contributions, the Drug Programme and Crime Programme Funds also received voluntary contributions in kind. The estimated value of voluntary contributions in kind received in the biennium 2008-2009 was $10,457,038. Most of these contributions were to projects and were provided in the field. In accordance with paragraph 35 of the United Nations system accounting standards, the fair valuation of those contributions was determined on the basis of donors' valuations, unless there were significant differences from other valuation indicators available to UNODC, such as market rates. Conversion to United States dollars was made at the United Nations operational rate of exchange at the time the contribution was received, unless there was a material difference between the local amount provided and the actual market value. Details of in-kind contributions are provided in the table below:

(United States dollars)

Receiving fund	*2006-2007*	*2008-2009*	*Total*
Crime Programme	1 034 468	613 953	1 648 421
UNICRI (Crime Programme)	1 182 717	1 888 456	3 071 173
Drug Programme	20 356 082	2 877 988	23 234 070
Drug Programme and Crime Programme	30 091	—	30 091
Total	**22 603 358**	**5 380 396**	**27 983 754**

Note 11
Special Account for Information Technology Service Costs at UNODC

The Special Account for Information Technology Service Costs at UNODC (Fund ITD) was established in 2009 to account for special services provided by the Information Technology Service (ITS) of UNODC to projects funded by the Drug Programme and the Crime Programme Funds. Previously these services were accounted under Project 2202 of Fund ZNA, which is the special account for minor temporary services of the United Nations Office at Vienna. ITS special services provided to the Drug Programme and the Crime Programme Funds include the purchase and the installation of information technology hardware and information technology trainings provided for the Drug Programme and the Crime Programme Funds projects in the field offices. These services are not funded by regular budget,

therefore the costs are charged to the projects funded by special-purpose contributions. The income and expenditure of Fund ITD is a part of the consolidated income and expenditure statement; however, these are directly eliminated to avoid double-reporting of the income and expenditure of both the Drug Programme and the Crime Programme Funds and of Fund ITD in the "special purpose" column of the consolidated statement (statement I).

The accounts for Fund ITD for the biennium ended 31 December 2009 are summarized as follows:

(United States dollars)

	2008-2009	*2006-2007*
Miscellaneous income	32 631	0
Expenditure		
Travel	13 223	0
Contractual services	18 845	0
Operating expenses	6 246	0
Acquisitions	82 311	0
Total expenditure	120 625	0
Prior-period adjustments	126 503	0
Reserves and fund balances, beginning of period	0	0
Reserves and fund balances, end of period	38 508	0
Inter-fund balance receivable	38 508	0

10-43756 (E) 050810

Please recycle